

Algeria	5.50	Algeria	5.50	Algeria	5.50
Argentina	1.50	Argentina	1.50	Argentina	1.50
Australia	1.50	Australia	1.50	Australia	1.50
Belgium	1.50	Belgium	1.50	Belgium	1.50
Canada	1.50	Canada	1.50	Canada	1.50
France	1.50	France	1.50	France	1.50
Germany	1.50	Germany	1.50	Germany	1.50
Italy	1.50	Italy	1.50	Italy	1.50
Japan	1.50	Japan	1.50	Japan	1.50
Spain	1.50	Spain	1.50	Spain	1.50
Switzerland	1.50	Switzerland	1.50	Switzerland	1.50
U.S.	1.50	U.S.	1.50	U.S.	1.50
U.K.	1.50	U.K.	1.50	U.K.	1.50

# Herald Tribune

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## Criticism of Sharon By Israeli Officers Reportedly Bitter

By Edward Walsh  
Washington Post Service  
JERUSALEM — The Israeli press, freed from the restrictions of military censorship by the publication in the Sunday Times of London of a reported revolt in the military against Defense Minister Ariel Sharon, was filled Sunday with accounts of harsh criticism of Mr. Sharon across the top echelon of the army.

According to these accounts, at two separate meetings held within the last 10 days ranking military officers have complained bitterly about Mr. Sharon's direction of the war in Lebanon and accused him of trying to blame the army for the massacre of Palestinian refugees at the Sabra and Shatila refugee camps in West Beirut.

These accounts said the unhappiness with Mr. Sharon was not broken into full-scale rebellion and a mass demand by the officer corps for his resignation, but they did produce some unusually blunt criticism of Mr. Sharon's performance from his subordinates.

The first meeting took place Sept. 24 and was called by the army chief of staff, Rafael Eitan, to review the war in Lebanon. But the meeting, which Mr. Sharon did not attend, quickly broke down



Defense Minister Ariel Sharon of Israel



An Israeli military policeman stood guard near the southern edge of Beirut's international airport as a civilian airliner left the runway over the heads of U.S. Marine peacekeepers.

## 3 Spanish Colonels Arrested To Block Election Eve Coup

By Brian Mooney  
Reuters  
MADRID — Spanish authorities said Sunday that they had foiled a plot by rightist army officers to seize power on Oct. 27, the day before general elections that the Socialist are expected to win.

Official sources told the national news agencies EFE and Europa Press that the plot had been stopped with the arrest Saturday of three colonels. They indicated that more arrests would follow.

The sources said that the scale of the planned coup was far higher than the seizure of the Cortes in February 1981 by paramilitary civil guards who later surrendered.

This time the plotters planned to take key government offices, cut vital communications links and start a rebellion through junior officers in barracks across Spain, the sources said.

The sources said that army intelligence, using phone taps and other undisclosed methods, established links between the colonels and officers in prison who plotted the coup that failed in 1981.

They said that Prime Minister Leopoldo Calvo Sotelo held an emergency meeting at 4 A.M. Saturday with the interior and defense ministers to decide on countermeasures.

The arrests, carried out by uniformed generals, followed a few hours later. The authorities also ordered those convicted of plotting the 1981 coup to be isolated in their prison cells.

The latest plot thrust the problem of the military to the fore of the election campaign and raised again the question of whether Spain's predominantly conservative armed forces would tolerate a Socialist government.

A military judge began interrogating the three colonels at an army barracks outside Madrid where the 1981 plotters were tried.

Felipe Gonzalez, leader of the Socialist Workers Party, reacted defiantly to the planned coup, saying that no soldier had the right to interpret the will of the people. His deputy leader, Alfonso Guerra, said that the party had been informed by the government that everything was under control.

Incriminating Documents  
Santiago Carrillo, head of the Communist Party and a veteran of the 1936-39 civil war, said he was not surprised by the plot.

"I hope this time they get to the bottom of the conspiracy," he said.

The sources said that the colonels' operation was code-named "Cervantes" after the author of "Don Quixote," and that it appeared to have envisaged a simultaneous uprising throughout Spain on Oct. 27 — the official "day of reflection" when campaigning is halted to allow voters to consider their choices at the polls.

The Defense Ministry said that documents found at the colonels' homes indicated they were involved in anti-state activities.

Sources at the ministry, quoted in two Madrid newspapers, said that the documents pointed to a coup planned for Oct. 27 with details of logistics and the seizure of vital communications.

A witness said that King Juan Carlos looked dumbfounded when he was informed about the arrests while attending an official ceremony in the northern city of Oviedo. He broke off the engagement and immediately flew back to Madrid.

The king is credited with playing a vital role in quelling the 1981 rebellion, which came near to destroying the democracy installed after the death of Franco in 1975.

The three colonels were being held incommunicado in separate barracks under terms of an anti-terrorist law providing for detention for up to 10 days.

They were named as Colonels Luis Muñoz Gutierrez, 58; Jesus Crespo Cuspinera, 55, and his brother, Lieutenant-Colonel Crespo Cuspinera, 54.

Recent press reports have said one of the Crespo brothers was a frequent visitor to the where Lieutenant-Colonel Tejero Molina is serving a sentence for spearheading the 1981 coup.

(Continued on Page 2, C)



Leopoldo Calvo Sotelo

## Ethiopia Accused Of a Massacre

MOGADISHU, Somalia — Western Somali fighters accused Ethiopian troops Sunday of massacring 500 civilians in the Ogaden region that straddles the border between the two countries.

The Western Somali Liberation Front, which seeks to end Ethiopian rule over the Ogaden and its ethnic Somali inhabitants, said the massacre took place last month in the villages of Segag, Wadhel and Gardor.

Somalia and Ethiopia both claim the region, and President Mohammed Siad Barre of Somalia declared a state of emergency in August there after accusing Ethiopia of invading Somali territory in the Ogaden. The two countries fought a war over the Ogaden in 1977 and 1978, which Ethiopia won with the help of Cuban reinforcements and Soviet arms.

The unrest in the military appears to pose the most serious threat to Mr. Sharon, but it is not the only sign of isolation besetting the defense minister since the massacre. In a television interview last Friday, Deputy Prime Minister Simcha Ehrlich clearly tried to distance himself from Mr. Sharon by saying that he is more, and more convinced that a defense minister need not come from the senior ranks of the military.

A defense minister with a military background, Mr. Ehrlich said, "seeks to take command of actual military operations and disturbs the system of coordination between civilian and military authorities."

Mr. Ehrlich is the leader of the Israeli Likud Party, which is second in size only to Mr. Sharon's Likud Party in the ruling coalition. He thus joined the leaders of the National Religious Party, another coalition partner, in expressing criticism of Mr. Sharon.

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(Continued on Page 2, Col. 3)

## Urgent U.S. Spending Bill Gets Final Approval

By Martin Tolchin  
New York Times Service  
WASHINGTON — Congress has given final approval to a 10-week stopgap spending bill, and President Ronald Reagan was expected to sign the legislation.

The Senate approved the measure by voice vote late Friday night, several hours after the House voted 290 to 123 to pass the bill. The White House had sent word Friday afternoon that the measure, which will provide funds until Dec. 17, was "acceptable as an interim funding measure."

Enactment of the bill averted the disruption of government services that had been threatened because of the 13 regular spending bills needed to finance the government through the fiscal year that began Friday had not been passed.

The Senate approval followed a perfunctory debate in which some senators expressed disappointment that the measure would delay financing the MX missile, the B-1 bomber and the proposed supercarrier.

Edwin L. Dale Jr., a spokesman for the Office of Management and Budget, said preliminary estimates based on the projected annual cost of the measure indicated that it would provide \$2 billion more for domestic programs than the congressional budget resolution had called for and \$2 billion less than the resolution's ceiling on military spending and foreign aid.

"We're Under Budget"

Mr. Dale warned that, sometime in the 1983 fiscal year, these figures would have to be brought into line with the budget resolution, which set spending ceilings, revenue floors and spending priorities.

But Representative Jamie L. Whitten, Democrat of Mississippi and chairman of the Appropriations Committee, espoused the Democratic point of view in the House. "We're under budget," he said.

In addition, he noted, "This continuing resolution is a hybrid, both legislation and appropriation." Congressional leaders normally do not like to tack legislation onto an appropriations bill. Legislation for particular projects is normally the subject of authorization bills, which set national policy. Appropriations bills pay for the projects authorized by legislation.

At Mr. Reagan's request, Congress will reconvene Nov. 29 to work on the separate appropriations bills. Mr. Reagan signed one bill Friday appropriating \$46.8 billion for housing, space and environmental protection.

The level of military spending was the major sticking point. House-Senate conference spending to continue at \$100 a year, the level for the fiscal year, while the Senate forces sought \$23.4 billion more for projects not funded in 1982. This meant delays in the MX, the B-1 and the supercarrier.

The bill included a provision that authorized the Treasury to regulate the first steel products. The conference authorized the purchase of \$85 million of copper for atomic minerals stockpile; restrictions on coffee imports; authorized pay increases for federal controllers; included restrictions on the Legal Corp.; and extended cap pay for members of Congress senior civil servants.

## Lebanese Arresting Hundreds of Palestinians In Apparent Effort to Drive Out 90% of Them

By David B. Ortaway  
Washington Post Service  
BEIRUT — The Lebanese Army has been rounding up hundreds of Palestinians, spreading new terror in the camps where the massacres took place last month, in what appears to be a government effort to reduce the number of Palestinians here by about 90 percent.

The arrests have touched off fear among the residents of the Sabra and Chatila camps, this time about their future status in Lebanon and whether they are destined to undergo daily harassment from Lebanese authorities seeking to drive them out of the country.

The government already has leaked to the local press a plan, still under discussion, that would reduce the number of Palestinians allowed to live here from the present estimated 500,000 to 50,000 during the next few years.

Even more indicative of the official Lebanese attitude is the fact that the government still has not approved repeated requests from the United Nations agency responsible for the Palestinians to set up tents, even on a temporary basis, in any of the destroyed camps.

Number Arrested Uncertain  
The exact number of Palestinians arrested is difficult to determine because some have been released after a check of identity papers while others have been expelled from the country or taken to the Israeli detention center in southern Lebanon at Ansar. Furthermore, it is not just Palestinians who are being picked up, but all foreigners.

The respected newspaper An-Nahar quoted an army spokesman as saying 578 "illegal aliens" had been arrested in its report on the Sabra camp. But many others have been detained who do not fit into that category.

One Western diplomatic source said he thought that about 1,000 Palestinians and other foreigners had been detained.

On Wednesday, Saeb Salam, a former prime minister of Lebanon, met with President Amin Gemayel to express his concern on behalf of West Beirut's Moslem leaders about reports of 1,500 "missing persons."

An army spokesman, Major Ated Turbay, said the roundup was part of the army's re-establishment of its authority in the capital.

"It's normal in this kind of situation," he said, that some incidents occur. But he insisted the army had entered the Palestinian camps to "protect the people" and said those being held would be treated according to the Lebanese law.

The wave of arrests, which began before the arrival of the international peacekeeping force and is continuing, has placed the French and Italians stationed in the three camps in a difficult position.

Part of the force's mandate is to provide security in the camps. On the other hand, as one Italian diplomatic source noted, they are also here to help restore the authority of the Lebanese Army.

A Western diplomatic source said some detained people were seen being taken in trucks to the town of Sofar, on the highway to Damascus, and dumped there. Sofar is where the Syrian line of control in eastern Lebanon begins.

The roundup of Palestinians is also taking place in camps around Sidon, the main city in southern Lebanon still under Israeli occupation. There, it is the Israelis rather than the Lebanese Army making most of the arrests.

## 60 Dead, 700 Injured In Bombing in Tehran

Compiled by Our Staff From Dispatches  
LONDON — At least 60 persons were killed and 700 injured in a bomb explosion in the Iranian capital on Friday, Tehran radio reported Saturday.

The bomb went off in a truck parked outside a five-floor hotel in a busy part of Tehran as streets and cafes were crowded with people who were out for the Moslem weekend. The hotel and three buses were destroyed by the blast, which the radio blamed on "U.S. mercenaries."

The bomb also hit people who were staying in the hotels or eating in restaurants and cafes around Imam Square, formerly Sepah Square, the radio said.

It was the bloodiest incident in Tehran since an explosion in 1979, when Ayatollah Khomeini, the leader of the Islamic Revolution, was killed by a bomb. The explosion was engineered by "Crusaders" guerrilla groups — killed more than 70 of aides a few days after the death of several hundred Iranian activists in June 1981.

In a broadcast, Ayatollah Khomeini condemned the attack and said that those who planned the bombing wanted to cast a shadow over Iran's recent victory over Iraq. He said the explosion was engineered by "Crusaders" guerrilla groups — killed more than 70 of aides a few days after the death of several hundred Iranian activists in June 1981.

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(Continued on Page 2, C)

## Mubarak Says Israel 'Beating War Drums'

By William E. Schmidt  
New York Times Service  
CAIRO — President Hosni Mubarak said Sunday that the government of Prime Minister Menachem Begin of Israel was "once again beating the drums of war" in the Middle East, a policy that he said "will lead to grave consequences from which Israel will not be spared."

Mr. Mubarak, in a nationally televised address marking the opening session of Parliament, recalled the October 1973 war between Egypt and Israel, when Egyptian troops stormed Israeli lines on the east side of the Suez Canal. It was the last armed conflict between the two countries.

"Since then, we have been hoping that the calculations of Israel would change," Mr. Mubarak said. "But they still find themselves locked in a framework of war and hostility."

Reagan Plan Praised  
He said, "The flame of peace has not managed to kindle in their hearts with the same enthusiasm as we have for peace, brotherhood and good neighborhood."

At the same time, the Egyptian leader singled out for praise those states, who publicly condemned the massacres last month in Beirut.

Lebanese civilians in two Beirut refugee camps.

Despite his sharpened criticism of Israel, Mr. Mubarak insisted that Egypt was still committed to peace in the region, and he praised President Ronald Reagan's Middle East peace initiative as a "basis for dialogue among all the parties in the region."

Ever since Israeli troops invaded Lebanon on June 6, Egypt has insisted repeatedly on their immediate withdrawal. As a result, relations between Jerusalem and Cairo, the only Arab capital to maintain diplomatic ties with Israel, have become increasingly strained and are now at their lowest point since the two nations signed a peace treaty in March 1979.

Two weeks ago, following the discovery of the massacres in Beirut, Egypt recalled its ambassador to Israel. Last week, Israel's former ambassador to Egypt, Eliahu Ben-Elissar, warned Cairo that it was "walking a very thin line" with its current policy toward Jerusalem.

Cairo newspapers reported Sunday that the Egyptian Foreign Ministry is undertaking a detailed review of Egyptian-Israeli relations in the light of the Israeli invasion of Lebanon and the massacres.

## Book on French Privileges Winning Favor With Socialists

By Joseph Fitchett  
International Herald Tribune  
PARIS — A France of privilege, private deals and perquisites is revealed in a current best-seller that has become required reading for cabinet ministers in the ruling Socialist government.

The author, Francois de Closets, a leading French journalist, contends in "Always More" that economic inequalities in France are too subtle to be righted by higher taxes on high earnings, the Socialists' main emphasis until now.

Mr. Closets wrote the book last year during the government's initial attempt at wealth redistribution. To his avowed surprise, the Socialists are starting to grapple with what he sees as a questionable system of hidden income, job security, early retirement, vacation allowances and other benefits.

By most statistical counts, disparities between the rich and poor are greater in France than in any other Western European country, but Mr. Closets' book documents the discreet benefits that grease the French way of life. France, he finds, is envious to a greater degree than other European nations with special privileges that amount to a hidden tax on the society as a whole.

Finding a job is the first step. Then the author says, for a significant minority in every sector of the economy, there is a special arrangement that is not usually acknowledged openly. Bank clerks can get lower interest loans. Farmers pay taxes on a fixed sum rather than a real percentage of their income. Some corporate managers enjoy guaranteed promotions. Senior professors earn more an hour than top industrialists. Some top government bureaucrats spend their last years in lucrative sinecures.

Mr. Closets' theme is that these privileges are the main stumbling block in the way of industrial reform in France — and a dangerous luxury in worsening economic times.

Usually, these privileges have been won in the name of collective bargaining, and Mr. Closets demonstrates that the French state is especially weak in this regard.

A conspicuous example, he contends, is Electricite de France, the state-owned utility. Its employees, who can embarrass the government politically with power strikes, have steadily won apparently irreversible gains from successive generations of postwar politicians.

The EDF, since 1946, has revenues as a fund for worker benefits to be spent by the employees on themselves at their discretion. Most companies allocate 1 percent of their payroll to their worker funds. This year, EDF's contribution amounted to more than 1 billion francs (about \$142 million).

Amount Once Justified  
For Mr. Closets, the EDF practice of calculating the payment on revenue may have been justified after World War II, when the utility had many more employees and a much smaller income. But over the intervening decades, the expansion of electricity use and the shrinkage in manpower at the utility drove up the per capita value of the workers' fund to its present value: the equivalent of more than 10,000 francs per employee each year.

As a result, the employees, with a swelling demerol at their disposal, have acquired their own chain of vacation hotels, second homes and other benefits while enjoying occupational security in relatively safe, comfortable government jobs.

The roster of benefits continues. EDF employees, for example, all get cheaper electricity. Quick to appreciate the privilege, their consumption is more person's, French newspapers have reported.

The cost of these privileges has to be passed along to other electricity consumers, raising the EDF charges and making French industry less competitive.

Mr. Closets' point, which he makes about private industry as well as the civil service and nationalized industries, is that these benefits accrue to some French people in each social and professional category, not to all. As a result, plans for economic reform are often thwarted because no one wants to openly confront the hidden struggle in France between people without any social protection and people who cling to benefits that are rarely openly acknowledged.

"Once a privilege is acquired in France," Mr. Closets said in an interview, "it is dogma that it never be called into question, even when economic circumstances change. And this corporatist system, in which interest groups hide their real circumstances, is the main brake on economic and social progress in France."

His case against the French "privilege" — which he compares to the bureaucracy known in the United States as the "iron cage" — is documented with vivid detail.

For example, notaries — who have preserved their monopoly on recording land transactions since pre-revolutionary France — still charge 10 percent on every property sale for guaranteeing the purchaser's clear title. Their charges on house sales impede social mobility, Mr. Closets says, but successive critical government reports have failed to dislodge them. The notaries have managed to cut back their own ranks from 6,323 in 1968 to 5,134 this year, effectively limiting competition, even among themselves.

Mr. Closets says: "The notaries say they are protecting the public by protecting their profession ... but the government could guarantee consumers the same protection without extending such protection to this privileged group."

Protection From Competition  
Similarly, other social groups, from bankruptcy administrators to drugists, protect their trade from competition.

The list of privileges covers nearly every sector. Only 5 percent of French farmers are taxed on their earnings; the rest pay only a statutory minimum. Two

either a car or a house as a 1. benefit. Special tax discounts exist for airline personnel, journalists, life insurance adjusters, traveling salesmen and silk-makers in Lyons.

"The system is under attack," a state of books that appeared since the Socialist won power last year with a goal for greater equality and social solidarity. Mr. Closets says that the Socialist victory unique opportunity to France, was skeptical about government's readiness to tackle economic problems. President Francois Mitterrand impressed by reading "Always More" this summer, told his intimates to study Mr. Closets' arguments.

In recent weeks, the government, as part of its austerity program, has begun to try to away at some of the privileges by Mr. Closets. It has back on government workers' privileges. After long hesitation, the government decided to cut back on the cost of employment benefits.

It is an initial response to a fundamental argument — that absolute security, some French people imply, is a luxury for others. The main state-run say



## Shamir Backs U.S.-Negotiated Withdrawal From Lebanon

By Bernard Gwertzman

NEW YORK — U.S. Secretary of State Alexander Haig said today that he expects Israeli Prime Minister Yitzhak Rabin to agree to a U.S.-negotiated withdrawal from Lebanon by the end of the year.

In an interview here Friday, Mr. Haig said "there is an American plan for simultaneous withdrawal" that would be worked out by the end of the year.

Mr. Haig said that the plan would be worked out by the end of the year. He said that the plan would be worked out by the end of the year.

entry of another international peacekeeping unit. "We think the best way for the solution of this problem will be common arrangements of the Lebanese and Israeli governments," he said. "It is in the interests of both governments to have this region free from any foreign undesirable forces, and therefore they will make all the possible efforts to achieve this goal."

**More Meetings Planned**  
Mr. Shamir spoke to the General Assembly on Thursday and is to spend this week in New York meeting with various American Jewish groups and foreign diplomats. He is to travel to Chicago and Los Angeles before going to Washington on Oct. 14 to meet with Secretary of State George P. Shultz and other officials.

In the interview, he seemed to want to avoid any polemics with the administration, although he did not deviate in substance from his government's opposition to the points made by President Ronald

Reagan in his Middle East peace initiative on Sept. 1.

For instance, he did not endorse the view expressed by Prime Minister Menachem Begin and Defense Minister Ariel Sharon of Israel that the Reagan administration was trying to bring about the overthrow of the Begin government.

"No foreign factors," he said, "can decide, can determine the character of the Israeli government."

Mr. Begin has said that he would not discuss Mr. Reagan's proposals as the basis for negotiations, but Mr. Shamir emphasized that this did not mean that Israel was rejecting discussions with the United States on ways of achieving peace in the Middle East.

**Pact 'Is Achievable'**  
"We are willing to continue the negotiations in the framework of the Camp David agreements," he said. "We are convinced that an agreement between us and the Egyptians, the Palestinian Arabs,

and even other partners, like Jordan, is achievable, and it's not necessary to look for other concepts and other ways to find solutions before we explore all the possibilities of the Camp David agreements."

In his initiative, Mr. Reagan also said that the American proposals were based on the Camp David agreement of 1978. Under that accord, Israel, Egypt and the United States have been negotiating on the conditions to govern elections, as well as the powers for a self-governing Palestinian authority in the Israeli-occupied West Bank of the Jordan River and Gaza Strip.

Mr. Reagan said that the United States would oppose either Israeli sovereignty over the region or the formation of an independent Palestinian state, but would support some kind of association between Jordan and the authority.

Mr. Shamir made it clear that his strongest objection to the Reagan plan was in the American

effort to introduce into the discussion the final status of the area, instead of just focusing on how to bring about the five-year interim authority.

"If we want to succeed in these negotiations about autonomy, we have to concentrate all our efforts on finding solutions for the problems of the next five years of the autonomy," Mr. Shamir said. "If we try to reach agreements on the final status, we will never find acceptable solutions."

Some American officials, in explaining why Mr. Reagan went beyond the negotiations on autonomy, said they feared that the Begin government was taking steps that might lead to the annexation of the West Bank and Gaza.

But Mr. Shamir said that while the ruling Likud bloc of parties was committed to achieving the sovereignty over the West Bank and Gaza, "Camp David is very clear that there must be a solution acceptable to all the parties."

Another area of contention is that the United States interprets Security Council Resolution 242 of 1967 as meaning that Israel has to yield territory captured in 1967. In the American interpretation, Israel is obliged to give up control over most of the West Bank, which it captured from Jordan; the Golan Heights, which it took from Syria; and the Gaza Strip, captured from Egypt.

Israel, as the result of the Camp David accord, and the peace treaty of 1979, has returned the entire Sinai, also captured from Egypt. Mr. Shamir said Thursday that Israel stood by the resolution, but would not give up more territory.

When asked how Israel interpreted Resolution 242, he said it "means withdrawal from some territories and peace and security for all parties."

"What will remain of our Liliputian territory," he asked, "according to this theory of territories for peace?"

## Russians Call In Own Bomb Squad To Clear Beirut Embassy Grounds

BEIRUT — Officials of the Soviet Embassy, which was shelled and reportedly occupied for 36 hours by Israeli troops, have requested a bomb-disposal unit from the Soviet Union to clear the grounds of explosives.

The Lebanese government has been "extremely cooperative" regarding a request for permission to fly in the unit, "and the men should be here soon," an embassy spokesman said Saturday.

"Several cluster bombs have been found in the grounds and since there are children living here, we want to be completely sure that we are safe," he said.

The spokesman said that 60 Israeli troops who broke into the embassy compound on Sept. 15 stayed in the embassy for 36 hours, despite Soviet protests. He said Israeli snipers in the embassy fired onto the nearby Corniche Mazraa where there was heavy fighting between the Israelis and the Palestinians.

A diplomat said that between firefighters, the Israeli troops amused themselves by playing the piano. "I would give one of them high marks for his Rachmaninoff," he said.

## Israeli Army Reported to Criticize Sharon

(Continued from Page 1)

pressing at least indirect displeasure with Mr. Sharon.

Despite such criticism, there is little expectation here that Mr. Sharon will leave the Defense Ministry of his own accord. Mr. Sharon and his allies are seeking to generate support for him around

the country with petitions and rallies.

Also, in a radio interview two days after he had met with the senior officers, Mr. Sharon claimed that he had always favored a wide-ranging investigation of the Beirut massacre involving not just the military but the government.

## India Combating Religious Battles

(Continued from Page 1)

NEW DELHI — Paramilitary reinforcements rushed Sunday to quell three weeks of riots between Hindus and Moslems in the city of Meerut in which 28 people have died.

Prime Minister Indira Gandhi expressed deep concern over the riots, which claimed 14 lives Friday and Saturday in Meerut, 40

miles (65 kilometers) northeast of New Delhi, officials said.

The Hindus and Moslems began fighting Sept. 7 over a small piece of land that both groups wanted to use for religious purposes. The fighting escalated as protesters used homemade bombs, Molotov cocktails, guns and swords against each other and against police and paramilitary forces.

## Israeli Troops Looted LO Research Center

New York Times Service

RUT — Before their withdrawal from West Beirut last week, Israeli troops looted the Research Center of the Palestine Liberation Organization and broke into the offices of the private Institute for the Study of the Arab Mind, according to officials of the two establishments.

The troops took the research center's entire library of 25,000 books in Arabic, English and Hebrew, a printing press, microfilm, manuscripts and archives, Jiryas said in an interview.

The Israeli invasion was intended to obliterate all memory of Palestine, the country we have left behind," a Palestinian source said.

Several thousand Palestinians came to Lebanon as refugees in 1948 after the state of Israel was founded. The Palestinian community here eventually grew to about half a million.

Beirut was not only a base of operations for the PLO fighters, but also a place where Palestinians tried to revive their cultural heritage. It was at the same time a center for providing information about Palestinians and collecting vast archives on the Palestinian problem.

Such archives are kept at the Institute for Palestine Studies. Last week, Israeli soldiers broke into the institute despite a sign at the gate declaring that it was a private office not connected with the PLO.

According to institute officials, the Israelis took a few publications, looked into the computer room and opened some filing cabinets, but did not loot the place.

More seriously, they have erased our Palestinian cultural heritage," Mr. Jiryas, 44, said. The "had spent 17 years collecting documents on the Palestine on estimated the material losses 5 million. "But the papers we lost are invaluable and irreplaceable," he said. These up the world's largest collection of manuscripts on the subject Palestine, according to the center's records.

The research center had accumulated archives of clippings on Palestine from 70 newspapers from over the world. The Israelis took all, Mr. Jiryas said.

The center had provided documentation on Palestine to PLO units and more than 80 of abroad.



Gaby Kiss Maerth, center, walks between one of her sisters and a police magistrate at police headquarters in Como, Italy, after her release by kidnappers. She was held for five months.

## U.K. Woman Freed by Abductors in Italy

The Associated Press

COMO, Italy — Gaby Kiss Maerth, 18, of Britain, was released Friday night by her kidnappers after nearly five months of captivity, police said.

They said Miss Maerth, who was abducted May 6, was picked up at about 11 P.M. by police near this northern town near the Swiss border. She was taken to a Como hospital where she was found to be in good condition and was then released to her

parents, Elizabeth and Oscar Kiss Maerth, a retired British businessman, they said.

Police said she had called her parents for help from a public telephone in a bar at Costa Masnaga, 13 miles (22 kilometers) east of Como.

Police sources said they believed a 170-million lire (\$119,000) ransom was paid Wednesday for her release. That was unlikely to be officially confirmed, however, because it is a crime in Italy to pay a ransom.

## Book on Privileges Wins Socialists' Favor

(Continued from Page 1)

bank, L'Eclair, for example, offers its employees considerable benefits. Recruited under age 30, they enjoy total job security, automatic promotion by seniority and loans subsidized by the bank. Despite these advantages, the employees decided, when computers shortened the time needed to do the day's accounts, to continue their early closing hours rather than spend the extra time with customers.

In the same bank, the dirty work — cleaning — is done by an outside company employing temporary labor, at minimum wages, with no job security and no fringe benefits. Without the exploitation of the cleaners, Mr. Closets writes, it would be impossible for the bank to subsidize the extra benefits for its employees.

The biggest example of what he

calls the "lack of solidarity" in France is the 39-hour week. Originally proposed to create more jobs, the shorter week was opposed by the Communist-led unions until employers agreed to continue paying for a 40-hour week — effectively nullifying the original idea.

In Mr. Closets' view, this mentality will have to change if French society is to avoid a deep confrontation between the haves and the have-nots.

**"30-Year Grace Period"**  
"What people don't realize," he said, "is that France and the West in general has emerged from a 30-year grace period. After the war, we had cheap energy, cheap foreign labor, submissive third world markets, and it created prosperity allowing us to conceal our special privileges from one another because wealth was constantly increasing."

Now, he says, "we have to face a new situation of low, uncertain growth, which is really the normal situation for the world economy. Instead of sharing out the money cake, we have to shoulder our shares of the hardship."

Mr. Closets himself has been criticized for a comfortable lifestyle that is at odds with his appeals for solidarity with those who have fared less well. But he is unrepentant: "Whatever I spend, it is money that I have earned, on my own, since leaving home at 17. I think French society needs to reward people who take risks, while lifting the veil on unearned privileges."

Mr. Closets himself is a risk-taker who is scrupulous about not abusing his own position.

He brings finished manuscripts to his publisher, Grasset, without asking for an advance on his idea. All his books have sold well. But Mr. Closets, who started in journalism as a science specialist and has emerged as a general commentator on French affairs, refuses to allow his picture to appear on the dust jackets of his books because he does not want to profit from his position as a popular television broadcaster.

"I am and have always been a loner who is not afraid to talk," he said, "because I have nothing to hide or protect."

## 60 Left Dead By Iran Blast

(Continued from Page 1)

more extensive and brutal acts of suppression."

The blast partially knocked out the Iranian telephone and telecommunication. Three hundred of the 700 wounded were critically hurt, the radio said.

The interior minister, Hojatoleslam Ali Akbar Nateq-Nuri, said in a radio interview that several suspects had been arrested, including some foreigners.

The radio quoted police as saying that the bomb must have contained about 150 kilograms (330 pounds) of explosives. It went off on Nasir-Khosrow Avenue in central Tehran, a few hundred meters from the central telecommunication building, heavily damaging seven hotels as well as houses and shops. Two double-decker buses and one single-decker were destroyed, and most of the passengers were killed or wounded, the radio said.

The radio said that the explosion gouged a crater six meters (20 feet) long, four meters wide and two meters deep.

**Tribal Leader Executed**  
Tehran radio also reported that the government had executed Khosrow Qashqai, an influential tribal chiefdom and until recently the uncensored overlord of the Iranian tribal belt directly east of the battle zone. Mr. Qashqai was convicted of armed rebellion, the radio said.

The execution underscored Ayatollah Khomeini's growing problems with rebellious tribesmen. Kurdish guerrillas who want autonomy already have plunged all major mountain passes to secure a virtual no-man's land between the Iran-Iraq frontier further north of the current fighting.

Iranian exile sources said the blast could be in reprisal for Mr. Qashqai's execution, carried out earlier this week.

**Ship Accident in Toronto**  
TORONTO — A motor vessel registered in Malaysia was caught by a gust of wind and struck a Danish-registered container ship Saturday in Toronto's harbor, causing damage estimated at \$500,000. Harbor police said there were no injuries.

## Spain Foils Coup Plans

(Continued from Page 1)

year's attempted coup by storming parliament.

Colonel Tejero, who has set up a rightist party to contest the general elections, and three of his fellow conspirators were suddenly refused visitors and calls at their prisons on Saturday.

The Socialists are campaigning against Spain's membership in the North Atlantic Treaty Organization and have pledged to put the issue to a national referendum.

They have also said they will freeze a contract to purchase new fighter aircraft from McDonnell Douglas of the United States.

The Socialists say they plan to restructure the armed forces, gearing them more toward defense and weaning them from their traditional preoccupation with domestic politics.

This strikes at the heart of the problem of the armed forces in Spain, which were retrained under Franco to believe in the rightist values that defeated the left in the civil war.

The Socialists and Communists went underground after the war and did not emerge until Franco's death.

The extreme right is still highly active in Spain. On Friday several hundred rightists paraded at Franco's tomb to commemorate his seizure of power.

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## Italian Police Seize Terror Suspect

NAPLES — Police have captured a Red Brigades leader who is believed to be the architect of the gang's attacks in Naples in recent months, investigators said Sunday.

Vittorio Bolognesi, 32, identified as the head of the Red Brigades' Neapolitan unit, was seized in his apartment and posed no resistance, police said. He was believed to be the main figure behind the killing of a Naples police official and his driver in July. He was also believed to have been involved in three attacks on military outposts this year in Naples and in Rome.

Five other suspects and a large cache of arms and ammunition were seized at three hideouts during a major drive begun last week in Naples.

## Afghan Army Said to Kill 23 Civilians

ISLAMABAD, Pakistan — Afghan Army troops have killed 23 civilians in retaliation for the execution of 37 soldiers captured by a resistance group about 100 miles (160 kilometers) east of Kabul, according to rebel sources.

The sources, who have close links with the Hezb-i Islami resistance group led by Mawlawi Yunus Khalis, said Friday that the civilians in the Khogyani district were killed Monday, two weeks after a 72-man army unit was captured by the anti-communist group.

A rebel commander, pretending to be a defector, had reportedly tricked the Soviet-backed government in Kabul into sending him an army contingent to eliminate top resistance leaders in the area. The rebel leader was later said to have ordered the public execution of 37 of the 72 captured soldiers to show other rebels that he had not really defected.

Compiled From Agency Dispatches



# Bush Rejects a 'Hatchet-Man' Role as Republicans' Key Campaigner

By David S. Broder

Washington Post Service

SAN RAFAEL, California — The weakness of the U.S. economy has created new fears in the White House of a rout of the Republicans in the congressional elections now just a month away, and Vice President George Bush has been told to toughen up his campaigning and become "the point man" in a counteroffensive against the Democrats.

But Mr. Bush, in an interview during a six-state, cross-country campaign swing that reached its mid-point Saturday in California, expressed puzzlement at talk by presidential aides and Republican National Committee officials of an Oval Office directive to start raising his profile and unloading heavy weapons fire on the Democrats.

"I'm not Spiro Agnew," Mr. Bush said. "I'm determined to

maintain control of my own campaigning. Sure, you can get more attention if you take the colorful, hatchet-man kind of approach and promise the press some startling prose in every speech. But I'm afraid I'm not that flamboyant."

Reports of the new directive to Mr. Bush accompanied a sudden rush of gloomy appraisals from the White House of the risks to Republicans in the Nov. 2 elections. A senior administration official said Thursday that the prospects of the recession and fears of spreading unemployment could cost the Republicans more than 30 seats in the Democratic-controlled House and even put the Republican Senate majority at risk.

Those fears put more pressure on Mr. Bush, already by far the busiest and most visible administration campaigner. But the vice president seemed deliberately impervious to the swirling currents

around him. "I have no hesitancy to raise my voice. But I don't see, frankly, that it's more productive than what I've been doing."

What he has been doing — part-time since January and almost full-time since Labor Day — is stump-ing the country for congressional and gubernatorial candidates in selected races. A few old political and personal friends with no particular problems this year have also prevailed on Mr. Bush to speak for them. But for the most part, he has gone where the White House has wanted.

## Demanding Pace

His willingness to do so at a demanding pace has drawn praise from many in the party and in the administration. He has logged 77,000 miles of domestic travel this year, most of it political. On Monday and Tuesday, in Iowa, Illinois and Missouri, his schedule included

23 events — speeches, receptions, news conferences and interviews.

Local Republicans say Mr. Bush's campaign staff is competent and courteous. They add, privately, that Mr. Bush's people are much easier to work with than President Ronald Reagan's advance teams. Mr. Bush is regarded as a good drawing card, particularly for contributors, and as a politician sensitive to the nuances of individual races.

But, as a Republican campaign consultant with close White House ties remarked, "He doesn't light any fires." And, increasingly, Republicans fear that they need to do something to avoid being consumed by the burning unemployment issue.

The president is the Republicans' best campaigner, but he cannot always appear completely partisan at a time of foreign policy cri-

ses. Some White House officials say there also is an unresolved conflict over his October schedule between those who want him to be more involved in the campaign and those who want to spare him from close identification with what they now regard as inevitable election defeat.

Of the cabinet members, only Treasury Secretary Donald T. Regan and Interior Secretary James G. Watt are regarded as drawing cards, and Mr. Watt produces negative reactions from so many people that he has, in effect, been benched.

Leading Republicans in Congress are either preoccupied with their re-election races or pursuing separate campaign schedules, some with 1984 or 1988 presidential ambitions. So the burden of the Reagan administration's campaigning falls on Mr. Bush.

Financially, he has been a big

success. He drew more than \$300,000 each at receptions and dinners for the senatorial and gubernatorial candidates in California. Breakfasts and lunches for House candidates in Missouri and California were five-figure events.

Mr. Bush tuned his message to the needs of particular Republican candidates. In Cape Girardeau, Missouri, where Representative Bill Emerson is being criticized by the Democrats as a "Reagan robot," Mr. Bush said, "Thank God for men with the courage to keep their promises and support the president of the United States."

In San Rafael, where the Republican nominee, Dennis McQuaid, has outspokenly criticized some administration environmental and social policies, Mr. Bush said, "We don't want a rubber stamp. We want men of integrity who will vote the way you want."

What he did not do was cuff the

Democrats around in a way that would satisfy the wishes of White House aides that he "get on the network news."

His visits are big news in small towns, but not in metropolitan areas, such as San Francisco. His press almost defies those searching for a headline or a film clip. He chose to highlight the importance of the McQuaid race — one of the better Republican chances to capture the seat of a retiring Democratic congressman — by saying it was necessary to win to "sublimate the obstructionism we encounter" from the Democratic majority in the House.

Seemingly, he could not care less about making no ripples in the national news. "I don't know what I mean by a 'high profile.' I give a speech in Washington to some group almost every day I'm there, and no one reports it. I want to help us win this election,



George Bush

and if I can do it by mail fine. But I'm really trying these candidates, not to and overshadow them."

## Shoplifter Is Sought In U.S. Cyanide Deaths

Compiled by Our Staff From Dispatches

CHICAGO — The police search for the person or persons who injected cyanide randomly into Extra-Strength Tylenol pain reliever capsules, killing seven persons, focused Sunday on a man who shoplifted the medication from a suburban store in August.

Tyrene C. Fahner, the Illinois attorney general, said that preliminary analysis of recovered Tylenol capsules suggests that more than one "madman" may be involved. However, Mr. Fahner's spokesman, Paul Zemitzsch, called the shoplifter a "good lead."

Local and federal officials said disgruntled former employees of the Chicago-area stores where the poisoned Extra-Strength Tylenol capsules were found also were being checked.

Important evidence may come from an unsold Tylenol bottle containing 14 cyanide-filled capsules that was found in the back room of a suburban drugstore. The bottle had been removed from the store's shelves the day before as part of the extensive recall of the product.

According to one theory of investigators, the killer or killers picked Chicago-area stores at random and put one poisoned bottle at the front of each Tylenol display. "He put them in the front of the shelves so they would be the next one purchased," Mr. Zemitzsch said.

The spokesman said a team of 142 federal, state and local investigators was seeking a shoplifter arrested in August for stealing bottles of Tylenol from a suburban store.

The shoplifting suspect and various disgruntled employees are

merely various theories," Mr. Zemitzsch said. "Anyone who is reported to be stealing Tylenol is rather an unusual type of person and someone we'd like to talk to. It's just a good lead for us."

Disgruntled employees are "always among the prime targets of any investigation because they have a reason to do this," he added.

Mr. Fahner said, "So far [there is] only one bottle per store. It suggests a person literally is going around 'salting' [the capsules] from store to store. Random murder is what it amounts to."

"It would appear that since there is one bottle per store, it is very hard to conceive how it would happen any other place than the store itself," he added. "Obviously no one poisoned a whole batch that went to a certain store."

## 2 Policemen Ill

The attorney general disclosed that two police officers became ill after picking up what seemed to be Tylenol capsules from a parking lot near a suburban restaurant last Tuesday. "They found these red capsules all over the parking lot," Mr. Fahner said, and "manually and physically picked them up. The next day, the officers were ill."

Mr. Zemitzsch noted that cyanide "can go right through the skin," and said that the officers "were sick for several days — nausea, headache, syndromes that can be associated with a very, very mild type of cyanide poisoning. They're running tests on those capsules now."

Mr. Fahner said Saturday that the tainted capsules previously inspected appear to have been as-



Stanley James, 25, and his wife, Theresa, 19, are shown shortly before their marriage last July. Both died last week after taking poisoned Tylenol capsules. They apparently took them from the same bottle that killed Mr. James's brother, Adam, 27.

sembled by more than one person. "Some were put together in a very inartful way. They pop all over the place," he said. "But other [capsules] are done better."

"It suggests that maybe we've got two or three people, some more careful than others... or maybe just one person without much patience," he said.

Since Wednesday, seven persons have died from cyanide poisoning after taking the capsules.

Mayor Jane M. Byrne ordered health inspectors to remove all

Tylenol products from store shelves. She urged residents to bring Tylenol products to police and fire stations with the date and location of purchase.

Consumers across the country were urged not to take any Extra-Strength Tylenol capsules until the mystery is resolved.

The manufacturer, McNeil Consumer Products Co. of Fort Washington, Pennsylvania, a subsidiary of Johnson & Johnson, has offered a \$100,000 reward for information leading to the killer or killers.

## Leading Argentines Investigated For Links to Gelli, Masonic Lodge

By Edward Schumacher

New York Times Service

BUENOS AIRES — Reports that prominent Argentines have been members of the secret Italian Masonic lodge called Propaganda 2 are being investigated after the arrest in Switzerland and of the Italian industrialist who headed the lodge.

The industrialist, Licio Gelli, who was seized with a fraudulent Argentine passport in mid-September, disappeared from Italy about 18 months ago and was said to have been in hiding in Argentina and Uruguay under the protection of military leaders. Among the charges filed against him in Italy were swindling and espionage.

President Rinaldo Bignone has reportedly met with Argentina's senior military leaders to discuss the ramifications of statements made by Italian investigators that 26 prominent Argentines, among them generals, former cabinet members and leading businessmen, had belonged to the secret lodge.

The Argentine government recently announced regulations prohibiting television stations and state-owned radio stations from reporting on the P-2 affair and other sensitive matters.

## Inquiry Announced

The regulations did not apply to newspapers or magazines. But José Palacios, editor of Quorum, a magazine that has closely followed the issue, and other journalists have said that they have received telephone threats in recent days to stop reporting on P-2 or be killed.

Edward Maschwitz, the presidential spokesman, has said that it is "not the government's job" to

investigate the circumstances surrounding Mr. Gelli's Argentine passport.

However, an inquiry into Mr. Gelli's influence in Argentina was announced by Luis Carlos Cabral, head of the National Office of Administrative Investigations. Mr. Gelli has been described as having been close to almost every Argentine president over the last decade through Masonic lodge connections.

The Italian government of Arnaldo Forlani fell last year when the secret lodge of almost 1,000 leading Italians was uncovered. Anti-communism was the declared aim of P-2, but it appeared to be more a web of influence and connections used for the political and financial gain of its members, particularly Mr. Gelli.

Mr. Gelli was reportedly trying to withdraw tens of millions of dollars from a secret Swiss bank.

## Arson Attack Destroys 4 Planes in Switzerland

STANS, Switzerland — Four planes were destroyed on the ground and a workshop set afire in an arson attack on the Pilatus aircraft factory in this central Swiss town, police said.

Police said that Swiss television had received several anonymous letters threatening the factory, but the motive for the arson attack was unclear. The Pilatus Porter, a light passenger carrier and spotter plane, is one of Switzerland's best-selling aircraft. It has been the center of controversy because of sales abroad for military use.

## Vatican B Sought Pe Sindona S

Reuters

ROME — The Vatican is seeking the late Roberto Calvi's dated Banco Ambrosiano operations in Latin America, believing that "economic order" prevented revolution, the Italian financier Michele Sindona said in an interview.

In the interview Sunday, the Turin daily newspaper, Stampa, Mr. Sindona said that where the economic order, chaos could be, there would be no revolution or subversion. Invitation Archbishop A. and the Vatican Bank by

Milan magistrates have Archbishop Paul C. M. president of the Institute of Works — the Vatican that he may face charges

connection with the Banco and collapse, caused a huge loan the bank made America on the strength of letters of patronage.

Mr. Calvi, who was fired from a bridge in June, was a business adviser to the Vatican. Sindona has been in the United States for conspi-

## Blast in Algeria Kills

The Associated Press

ALGIERS — A large fireworks stored in a military near here exploded Sunday, one of the warehouse injuring others, the Alger Service said.

# SMOOTHING THE ROAD TO COMPUTERIZATION

When N.V. Gondrand, the large international transport company, started to computerize its offices some 13 years ago, it turned to Philips. Since then, Philips has helped in progressively upgrading Gondrand's computer systems — while smoothing the "bumps" at each step along the way.

This was not without its challenges. Gondrand consists of many independent companies, and 250 branches worldwide. Each has its own way of working — dictated largely by customs and regulations that vary from country to country.

Facing up to this, Gondrand's management invited key staff from each member company to its Antwerp office, so all problems and possible solutions

could be shared.

This resulted in a two year programme to install a configuration from Philips P4000 family of multi-workstation, multi-application, computer systems in each of 20 European centres.

## Why Philips?

First, a novel packaged-software concept allowed each P4000 system to be tailored to its particular job quickly at low cost. Thus, the software could be specially adapted for each location — centrally, under one person's supervision.

Second, computerized procedures could evolve in small, comfortable steps. Initially, each system would stand alone. Later, some would be interconnected

— along with Philips word processors and telex systems. Meanwhile, existing earlier-generation Philips computers will continue serving until their replacement.

Finally, Philips was at home in each country served by Gondrand — and service before and after sale had been superb.

Results? Gondrand's customer service will be better than ever. For example, it will soon be possible for customs documents to be processed at international borders before the Gondrand vehicle even arrives!

This is one way Philips is smoothing the road to better service and profits. Here are some others.

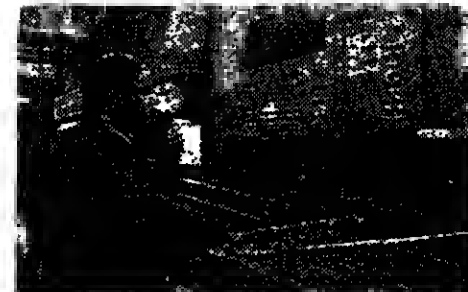
## ELECTRONIC MESSAGE CENTRE

Philips new DSX Series of message switching systems turns traditional telex rooms into cost-effective electronic message centres. Modern office teleprinters, such as the Philips PACT 220, communicate with the system on a store-and-forward basis. While the message is in storage, the DSX automatically converts transmission codes and speeds, as required, and forwards the message(s) over private and/or public network circuits as soon as outgoing lines are free — or during off-peak periods when telex tariffs may be lower.

Word processors and other non-voice terminals may also be connected to a DSX system to build a company-wide integrated office communications network. The system then functions as the network's "electronic postman", collecting and distributing inter-office memo's, messages, letters and other documentation electronically.



Based on the highly successful DSX-40 system, the DSX Series of microprocessor-based message switching systems provides a tailored approach to the heavy-telex user market where requirements may extend from 2 telex lines/6 terminals up to 10 telex lines/40 terminals.



## DIGITAL PAGING AND CCTV

To cope with the demand for world-famous Carlsberg and Tuborg beers, the United Brewery Company has built Europe's most modern brewery at Fredericia in Denmark. This fully-automated brewery can produce nearly 1½ million bottles of beer per day. And Philips DP6000 digital paging system helps everything to flow smoothly by keeping personnel in contact with each other, and with process status over the 160,000 m² site.

The microprocessor-controlled paging system is directly linked to the PABX telephone system, and also to alarm circuits at critical stages in the brewing process. So individual paging calls and two-way conversations can be set up from any telephone. At the same time, servicemen will be called automatically if a fault arises anywhere in the brewery. The DP6000 receivers have a 5-digit display that indicates the nature and location of any process alarm so that specialists can be on the spot without delay.

These are just a few examples of Philips contribution to efficiency in business. If you would like more information, contact your Philips organization or Philips Co. Marketing Support Department, VOA-0225, 5600 MD Eindhoven, the Netherlands (or 35000 PHTC NL). Please indicate in which of the above subjects you are interested:

- ☐
- ☐
- ☐

The brewing itself is computer controlled from a central control room, where Philips supplied a CCTV system, surveillance of the plant.

## COST-EFFECTIVE LIGHTING

Burberry's, the famous London tailors, have resolved their store lighting problems with the help of Philips SL lamps. Until recently the downlights in their known Regent Street store were fitted normal incandescent lamps. Apart from low energy efficiency and the production of unwanted heat, these lamps needed frequent replacement and their locations were readily accessible. But when they were replaced with Philips 18 W SL lamps, electricity consumption was cut by 75% maintenance costs by 80%. The new wattage lamps give as much light as five times longer than normal 75 W incandescent lamps. Burberry's are making similar conversions in their shops around the world.



Photo/graph courtesy of Gondrand SpA, Torino

# PHILIPS



## SURE SIGN OF EFFICIENCY FOR BUSINESS

مكتبة الأمل



# Will Seek Tougher Technology Curbs on East Bloc

Joseph Fitchett  
International Herald Tribune

The Reagan administration is launching its campaign to restrict Western technology reaching the Soviet Union by urging its allies to adopt controls on sensitive technologies to communist countries starting Monday in Paris.

Technology is the most important level of exchange among the East-West commercial ties that have developed since the conflict erupted between the United States and European countries during the summer of 1949. Originally part of the North Atlantic Treaty Organization, it has become more autonomous so that Japan and France can participate.

Trans-Atlantic political tensions, mainly over the gas pipeline, could undermine the Reagan administration's campaign to curb Western sales of sensitive technology for strategic reasons, diplomats said. The U.S. bid also faces commercial resistance in European nations and Japan, which are more involved than U.S. companies in communist industrial markets.

Separate Issue  
Although the allies have momentarily agreed to disagree about the pipeline, the issue is too important to be ignored, so this meeting could show where the alliance is headed for the next few months, a U.S. diplomat said.

Although the Reagan administration maintains that the pipeline is a separate issue, not directly linked to the overall question of strategic East-West trade, U.S. and European diplomats said that allied willingness to toughen curbs on high-technology exports might open the way for a wider Western compromise on Soviet trade and enable the Reagan administration to soften its action against the pipeline.

The political overtones of the

COCOM meeting are evident from the participants' ranks: The U.S. delegation includes assistant secretaries from the State, Defense, Commerce and Energy departments.

The Reagan administration attaches high priority to stopping the Soviet Union from using advanced Western technology to save time and money in modernizing Soviet forces. Arguing that most recent Soviet weapons systems incorporate U.S. or European industrial discoveries, U.S. officials contend that 90 percent of the technology bought by Moscow in the West winds up in the modernization program of the Soviet armed forces.

U.S. officials say that microcircuits exported in U.S. toys have been found in Soviet anti-submarine buoys, that a dry dock sold by Japan was used to build a Soviet aircraft carrier, that computer software for airport control towers has been diverted to Soviet military planes' fire-control systems.

As a result, the Soviet Union has made huge savings on research in its military budget, thus raising the cost of Western defenses, U.S. officials contend.

"We think there is a general Western consensus that we are suffering significant leakage through trade that is causing us collective damage," a U.S. participant said, adding: "But there is still a lot of negotiating about how to balance security and trade in each sector."

France, which is chairing the COCOM meeting, will play a crucial role in the atmosphere at the talks. The government of President Francois Mitterrand has been particularly outspoken in criticizing U.S. attempts to force Europe to restrict its commercial contacts with the Soviet Union.

West Germany, with its new center-right government, is expected to be more conciliatory to the Reagan administration's views. Britain, normally close to U.S. views on East-West trade, is anxious to keep in step with other European governments in the pipeline controversy, diplomats said.

The United States, in a related move, has tried to get NATO more deeply involved in reviewing Western trade with the Soviet Union. But France and West Germany have led European efforts to water down the U.S. proposals, diplomats said. Japan, not a NATO member, is reluctant to see the military organization gain any role in commercial questions, they added.

Before the meeting, U.S. officials insisted that Mr. Shultz and the European allies had agreed to put aside the pipeline argument and discuss more general matters instead. It was hard to see, however, how the pipeline issue could be avoided at a time when many Europeans were known to believe that it was damaging the alliance.

In fact, the weekend meeting in the Laurentian Mountains of Quebec was first suggested as a way for NATO ministers to sit around in seclusion, without even advisers and aides, and discuss all NATO problems, including contentious ones.

In all, 15 foreign ministers came for the informal and agenda-free sessions. Due to the change of government in West Germany, it was represented by a state secretary, Berndt von Staden.

Genscher's Idea  
Ironically, the idea for this informal and secluded meeting came originally from the only foreign minister who was absent: Hans-Dietrich Genscher of West Germany. Mr. Genscher had suggested that the ministers might find it useful to meet informally without issuing communiqués or briefing the press in much detail about what was discussed. The switch of allegiance by Mr. Genscher's small party brought down the Social Democratic government of Helmut Schmidt Friday and brought in the Christian Democratic government of Helmut Kohl.

Mr. Shultz's first meeting with the NATO ministers as a group came during a period of great consternation and even anger in Europe over President Ronald Reagan's decision to ban American companies and their foreign affiliates or subsidiaries from helping in the construction of the pipeline from the natural gas fields of Siberia to Europe. Many allies believe that the bickering between the United States and its most powerful European allies is weakening NATO.

For example, Britain's foreign secretary, Francis Pym, said at a luncheon in New York last week that "American measures have caused painful strains within the alliance."

State Department officials have made it clear that, although the pipeline argument should be put aside for the time being, they do want to discuss the broad issue of East-West trade.

There has been speculation for some time that the Reagan administration might ease its sanctions on the pipeline if the European allies tightened restrictions on trade with the Soviet Union. European governments, however, are in no mood to restrict their trade with the Soviet Union while the United States continues to sell grain there.

Now, they may be able to muster enough support to vote against any government bill on appropriation, a step this may lead to a government crisis, observers said.

OSLO — Norway's opposition Labor Party has declared that it is against any government spending on launchers for new NATO missiles.

The decision, announced Saturday by the Labor Party chairman, Gro Harlem Brundtland, a former prime minister, brought a sharp response from Prime Minister Kaare Willoch, who accused Labor of changing its mind on a program that it supported when it was in power.

Mrs. Brundtland said at the party's National Council that Labor would oppose any Norwegian financial contribution toward launchers for the 572 Pershing-2 and cruise missiles that may be deployed at the end of next year or early in 1984.

She urged postponing construction of the launchers pending the results of the U.S.-Soviet nuclear arms reduction talks that began in Geneva in November. Under a NATO council decision of December 1979, deployment of new missiles would start at the end of next year should these talks fail.

Mr. Willoch said that Labor had reversed its stand of last June when the missile issue was debated in Parliament and Labor voted in favor of financing Norway's share of construction costs.

Mrs. Brundtland said that her stand did not mean that Labor was reneging on its support of the 1979 NATO decision. She pointed out that, apart from West Germany, 12 European NATO member-state had ruled on financing the deployment of the missile and that Norway, which will not have any rockets on its territory, should not act as a "spearhead."

He do so would be to bring political pressure to bear on such countries as the Netherlands and Belgium, where the program was a major political issue, she said.

When the question was debated last June, the Labor Party was divided on the issue. Twenty-one anti-NATO members of the Labor Party were joined by 11 leftists, as well as anti-nuclear nonsocialist members of Parliament in voting for a resolution that said Norway "in the present situation" should not finance construction costs.

Now, they may be able to muster enough support to vote against any government bill on appropriation, a step this may lead to a government crisis, observers said.

Communist Areas, known as COCOM.

The Reagan administration is concerned about a range of products — including computers, microelectronics, semiconductors, silicon used for semiconductors, optical fibers, robotics and special alloys — that the Soviet Union might ostensibly import for civilian purposes but then put into military service.

The administration will also try to convince allied governments to agree to beef up COCOM's almost nonexistent investigative and enforcement powers and its small budget, which have scarcely increased since COCOM was set up in 1949. Originally part of the North Atlantic Treaty Organization, it has become more autonomous so that Japan and France can participate.

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## Kohl's Big Obstacles: A Flagging Economy And Political Turmoil

By James Markham  
New York Times Service

BONN — Inheriting West Germany's limping economy and a sharpening crisis in its party system, Chancellor Helmut Kohl is facing uphill odds as he attempts to hit the ground running with a promised "new beginning" in the nation's public life.

To his advantage, the new Christian Democratic chancellor, who unveils his cabinet Monday, can count on the goodwill of the West

thority could be further weakened. The Free Democrats' weight in the cabinet has already been diminished with the loss of the key Interior Ministry, which they held under Helmut Schmidt. Mr. Genscher retains the posts of deputy chancellor and foreign minister.

### Attacks by Strauss

Any weakening of Mr. Genscher also weakens Mr. Kohl, because it strengthens the hand of their mutual opponent, Franz Josef Strauss, head of the coalition's third component, the Bavarian Christian Social Union. The Bavarian premier has kept up his verbal guerrilla war against the Free Democrats, saddling them most recently with co-responsibility for the "chaos" in the economy.

It was at the insistence of Mr. Strauss that, even before Mr. Kohl became chancellor, the new coalition committed itself to a firm date for renewing its legitimacy through elections — on March 6, 1983. This date now haunts Mr. Kohl, because it inhibits planning for a long-haul economic recovery and, by definition, makes his government a transitional one.

Mr. Strauss reportedly hopes to replace Mr. Genscher as foreign minister after the pledged March elections, sensing that the Christian Democrats and his own party can win an absolute majority in Bonn and dump the faltering Free Democrats. If the Bavarian continues to insist on March elections, it will be difficult for Mr. Kohl to back off from this awkward commitment.

### Free Democrats' Turmoil

The first is the disarray — some would say disintegration — of the little Free Democratic Party, which was torn by a wrenching, destructive debate after it abandoned a coalition with the Social Democrats and switched to Mr. Kohl's party. A score of deputies from the Free Democrats' 53-strong Bundestag group ultimately voted against Mr. Kohl on the motion that brought him to power Friday.

The Free Democrats are scheduled to hold an emergency congress in Düsseldorf on Oct. 16 to debate their controversial new course. Though the meeting might be put off, the party will certainly begin a long-planned congress in West Berlin on Nov. 5.

At the Berlin gathering, the party's left wing will probably mount a challenge to the leadership of the chairman, Hans-Dietrich Genscher, who was the architect of the inelegant, slow-motion switch to the Christian Democrats. If the Free Democrats are eliminated from the Bavarian state legislature in elections there next Sunday — as they were last month in Hesse — Mr. Genscher's foes in Berlin will have fresh arguments against the Bonn alliance.

An astute tactician, Mr. Genscher may survive Berlin, but his au-

There are, for Mr. Kohl and the Christian Democrats, good political reasons for skirting early elections. One is that the debilitated Free Democrats might fail to get into the Bundestag and be displaced by the radical Green anti-nuclear movement.

### Warning on Greens

In last week's emotional Bundestag debate, Wolfgang Mischak, the Free Democratic floor leader, warned ominously — and a bit self-servingly — that the Greens' emergence as the power brokers in Bonn would "shake the foundations" of West German politics.

But the alternative to March elections — holding on to power until the end of the legislature's 1984 mandate — also has disadvantages for Mr. Kohl. His route to power, through a no-confidence vote in Mr. Schmidt, was constitutional but unique in West German history; an odor of power politics and intrigue, inevitably clings to his new government.

If Mr. Kohl reneges on the election commitment, he will find himself thrown on the moral defensive. And the big beneficiaries of such a spectacle could be the Greens, who thrive on a distaste among the young for "politics as usual" in Bonn.

## Chancellor Promises 'Friendly' Ties to U.S.

The Associated Press

BONN — Chancellor Helmut Kohl said Sunday that he will work to stabilize NATO and assure the United States that West Germany remains a reliable partner.

"The Americans must know they have true friends," Mr. Kohl said in a television interview, which was taped and released to the media in advance. "There have been many irritations recently."

Mr. Kohl, who was elected chancellor Friday, said he would work for "reasonable, friendly and partnership-like" relations with the United States.

"We conceive of the NATO alliance not as a military alliance, but rather as a community of ideas of people with the same concept of freedom and human rights," he said.

Mr. Kohl also said that he would work to ensure that conflicts between Europe and the United States, such as the recent dispute over the Soviet gas pipeline to Western Europe, "will no longer be possible."

"But I think that from this incident above all we must learn one thing, that we in the European community must consult with our American friends before making such decisions," he said.

Mr. Kohl, a Christian Democrat, was elected by the Bundestag as deputies voted to oust Helmut

Schmidt, a Christian Democrat, after eight and a half years as chancellor.

In the interview, Mr. Kohl said he planned to attack immediately the problems of unemployment and a government budget for 1983.

"The truth is, that because our coalition agreement calls for new elections in March, we only have a few months' working time," Mr. Kohl said. "That means we must do the necessary now. And the necessary, we have already said, lies in the areas of the economy and the budget."

### March Elections

Mr. Kohl indicated that he would stick to his earlier statement that he wanted elections March 6. Polls have shown that the conservatives have the sympathies of a majority of West Germans now. But in a state election in Hesse a week ago, his party did not win a majority.

Mr. Kohl did not give specifics, but he said he would request that steps be taken immediately to curb West Germany's growing population of 4.6 million foreign workers, 1.5 million of whom are Turkish.

"It is true that we cannot retain the present number of Turks in the Federal Republic — that our social system, the general job situation, cannot take it," he said. "We must very quickly take reasonable, human, socially just steps to make a return of foreign workers to their native countries possible, he said."

The guest workers were originally welcomed in the boom economic years of the 1950s and 1960s. But as employment has climbed to 7.4 percent, many Germans now believe the foreign workers are taking jobs away from them.

On Saturday, 7,000 people chanting "Helmut, Helmut," turned up at Mr. Schmidt's house in Hamburg in a demonstration of support.

In two years you will certainly be back," a supporter shouted to Mr. Schmidt from the crowd. The next regularly scheduled elections are in 1984.

### Talks With Mitterrand

A Christian Democratic spokesman said Sunday that Mr. Kohl would fly to Paris Monday for discussions with President François Mitterrand to stress his wish for continued close relations with France. United Press International reported.

Mr. Schmidt had an especially warm relationship with Mr. Mitterrand, and the French president was reported to be concerned at the change of government in West Germany.



British Labor Party leader Michael Foot, third from left, and other participants sing at the end of the party conference.

## Hostility Marked U.K. Labor Party Conference

Behind Cheery Facade and Bogus Unity Lurks Trouble as Elections Near

By R.W. Apple Jr.  
New York Times Service

LONDON — Before the British political parties began holding their annual conferences, Sir Harold Wilson, the former prime minister, delivered a harsh judgment about the Labor Party.

"Eight years ago," he said, "after four victories in five general

### NEWS ANALYSIS

elections, I told the conference that Labor had become the natural party of government. Today, we hardly present the image of the natural party of opposition."

This year's Labor meeting at Blackpool improved things a bit. It was the perfect example of the old British political maxim to the effect that "nothing concentrates the minds of politicians like an election." In this case, those whose minds were concentrated by the prospect of electoral combat next year were the leaders of the big trade unions, and they imposed on the party a slightly bogus unity.

As the bloc votes of the unions swung, so swung Blackpool — to the right on organizational matters, to the left on policy.

### Certain to Recur

When the annual jamboree ended Friday, the delegates were able to congratulate themselves on the fact that Tony Benn, the leader of the left wing, had pledged himself "without any reservation whatever to work for the election of a Labor government under the leadership of Michael Foot," and that Denis Healey, the leader of the right wing, had managed to make a speech that suggested both the need for an incomes policy and the impracticality of putting one into effect.

But behind the cheery facade lurked problems that seem certain to recur during the weeks and months ahead as Labor prepares for its contest with Prime Minister Margaret Thatcher sometime next year.

The unions gave Mr. Foot the authority, and the votes on the party executive committee, to expel the ringleaders of the Militant Tendency, the Trotskyite splinter group that has so preoccupied the party in recent months. But Mr. Benn promised to fight expulsions, and on Thursday he forced yet another left-wing pressure group to do so.

The unions made it possible for the conference to approve by a two-thirds majority, after 20 years of debate, a resolution calling for the elimination of all nuclear weapons, U.S. as well as British, from the country. But Mr. Healey and several friends said they could not serve in a cabinet pledged to a non-nuclear policy.

All through the conference ran a current of hostility. The constituency representatives — the party activists, who are predominantly left-wing — reacted furiously to being outvoted by the unions. Many said openly that they would refuse to move against the militants, and many said they expected to be "betrayed" by the leadership on disarmament when the party manifesto was drafted.

The country will be watching carefully to see what happens next.

## Suharto Legalizes Role of Military In Government

Reuters

JAKARTA — Indonesia's armed forces, for long the effective power base in a nominal parliamentary democracy, have for the first time gained a legal basis for their role.

President Suharto quietly signed four bills last week covering basic defense and security policies, volunteer services, conscription and military reserves, and on Saturday he swore in a new legislature dominated by the armed forces.

The most important bill legalized the military's so-called "dual function," stating that the armed forces were "a component of the defense force and at the same time a component of the social force."

Serving and retired officers in the 350,000-member forces are responsible for much of the day-to-day running of Indonesia.

The new bills legalized a military role that has existed since President Sukarno's administration emerged from the anarchy of President Sukarno's later years and the Communist coup attempt in the mid-1960s. They also formally incorporated the police into the military structure.

## Haughey Is 'Confident' Of Winning Party Vote

United Press International

DUBLIN — Prime Minister Charles J. Haughey said Sunday that he was "absolutely confident" he would defeat a bid to oust him as leader of Ireland's ruling Fianna Fail party.

"I welcome the decision to settle the issue once and for all," Mr. Haughey said in a radio interview.

Charles J. McGreevey, a rank-and-file member of the Dail, or parliament, has asked for a vote within the Fianna Fail parliamentary group when it meets Wednesday. Mr. McGreevey said he is challenging Mr. Haughey because the vast majority of the party and the country wanted an end to "government by deals and political strikes."

The move was the second challenge to Mr. Haughey's leadership since he became prime minister on March 9. In July, he survived a vote on a no-confidence motion introduced by the opposition Fine Gael party.

### No 'Backing Off'

In a reference to the earlier challenge, Mr. Haughey said: "This time, they are going the full course. No more going to the tapes and backing off."

Mr. Haughey, 57, took power in a so-called palace revolution that forced Prime Minister Jack Lynch to resign in 1979. Since then, Mr. Haughey has had to contend with a dissident element within his party that had backed Mr. Lynch and opposed him as Mr. Lynch's suc-

### Thais Intercept Czech Plane

The Associated Press

BANGKOK — Two Thai F-5E fighter planes intercepted a Czechoslovak commercial airliner over northern Thailand Friday and escorted it to Bangkok where it was searched, a Royal Thai Air Force spokesman said Sunday. The plane was later allowed to resume its flight. The reason for the search was not reported.

cessor. He has been under fire his economic policies.

"I want this thing to foursquare," said Mr. Haughey. "No more shilly-shallying."

The national executive of Fianna Fail, the body that runs the organization, was summoned to meet Monday on the situation.

## Soviet Group Asks Brezhnev to End Shcharansky's Exile

United Press International

MOSCOW — A group of Soviet human rights activists appealed President Leonid I. Brezhnev Sunday to prevent Anatoli Shcharansky from starving to death on hunger strike.

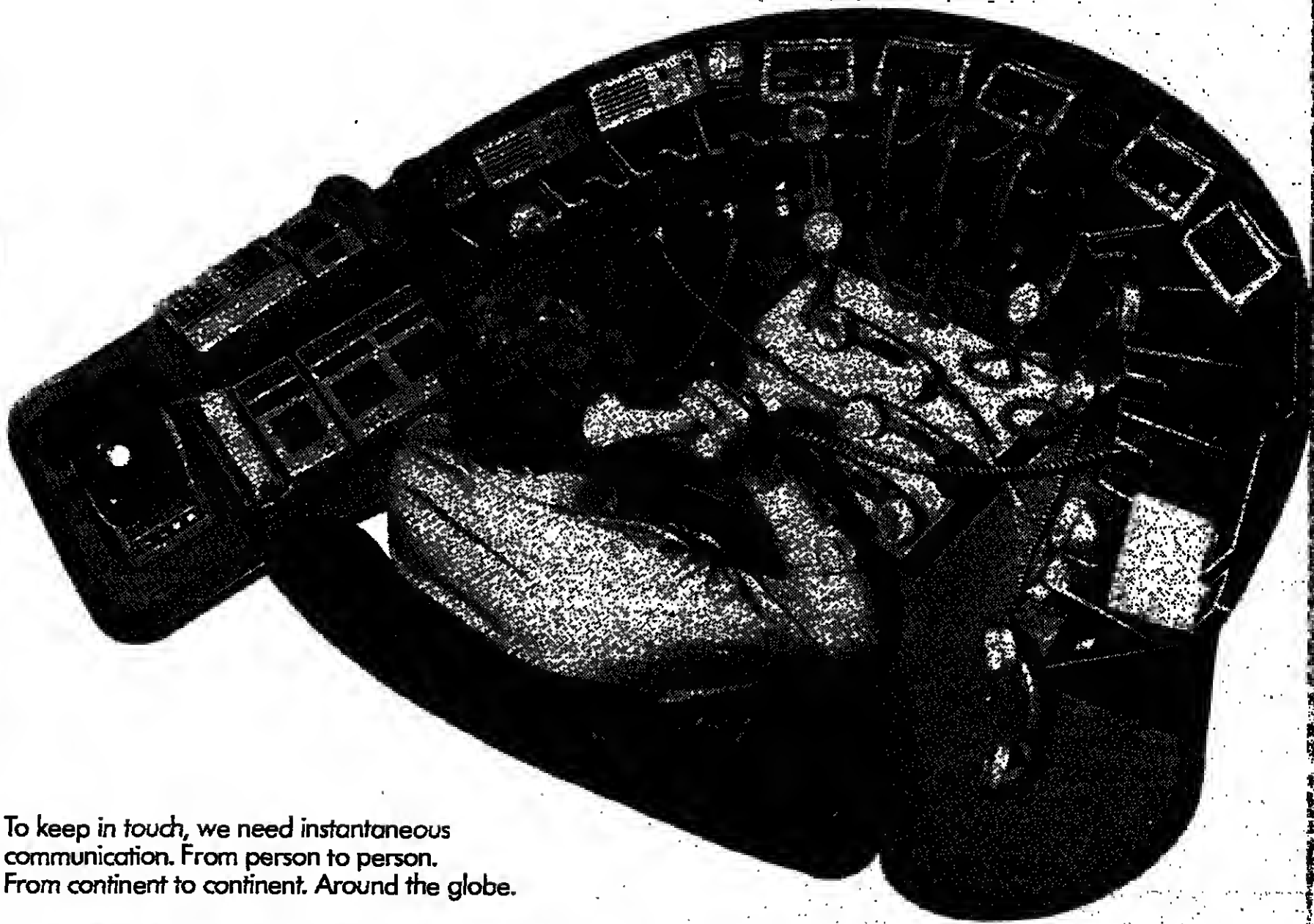
"The friends and close ones of Anatoli Shcharansky turn to you a telegram to Mr. Brezhnev with a request to take measures to save [him] from threatened death."

The 29 men and women who signed the statement said they had the prison authorities' ban on Shcharansky's letter-writing privileges was "an illegal prohibition."

Mr. Shcharansky began the fast to protest the authorities' refusal to allow him to send letters to relatives or communicate with the outside world, his mother, Ida McGrom, said. There has been no word from Mr. Shcharansky's home since he began the hunger strike but Mrs. McGrom said she would be forced to force-feed him if he did not stop.

Mr. Shcharansky, 34, a former computer programmer, had sought to emigrate to Israel before he was sentenced in 1978 to 3 years' prison and 10 years in labor camp on charges of espionage. His prison sentence was extended three years.

## Conversation pieces.



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# Herald Tribune

Published With The New York Times and The Washington Post

## A Dialogue of Fear

Whatever their actual words in meetings last week and again Monday, what are Secretary of State George Shultz and Foreign Minister Andrei Gromyko saying to each other? It can be pretty well guessed.

Gromyko: We don't think you want to talk with us as equals. Some of you expect economic collapse. Some of you prefer wage cold war to hasten the collapse. Most of you pine to achieve military superiority. We are talking to you about arms control, but only insincerely, to appease anxious public opinion in Europe and America.

Shultz: We don't think you want a stable world. Under the cover of détente you have acquired more arms than your defense needs. For every major problem, Afghanistan or Poland, you have only military answers. Your arms and proxies encourage war in Central America and Africa, aggression against Cambodia, radicalism in the Middle East. Most recklessly, you agitate against our influence in Western Europe, to upset a delicate balance on the most dangerous front.

Gromyko: We are eagerly trading with capitalist Europe, not trying to weaken it. We are agitating against missiles in Europe, because they could reach us in only five minutes. But we know who has the power in the West. The United States would stand first in a diplomatic if it showed a mature respect for the interests of the Soviet Union.

Shultz: We can respect any real interest in showing in turning down the arms race. We have been more tolerant in financing your repressive and failing regimes in Eastern Europe. We sell you our grain, for mutual profit. But we will not be maneuvered into military inferiority. We will not subsidize your military machine and its export of tyranny. If we are going to avoid blowups, we need agreed rules of international conduct.

Gromyko: They cannot be rules that let the United States patrol the seas and continents up to our frontiers, while we are "contained." The Soviet Union has as much right to help its friends as you have to help yours.

Shultz: If your friends can be helped only by invasion and putsch and terrorism, we can hardly be blamed for helping ours to defend their sovereignty and stability.

Gromyko: Our vital interests are clear and yet you threaten them.

Shultz: Our vital interests are clear and yet you threaten them.

Call it sterile negotiation or mere dispute, a search for détente or excuses for cold war, the argument has been much the same since Sputnik circled the earth 25 years ago this week. That first satellite signaled the permanent vulnerability of the Soviet and American peoples to each other's missiles. The fears thus generated still dominate their policies and have ever been assuaged for long.

A symmetry of fear does not imply a balance of right and wrong. The persisting anxieties do not justify every kind of response. But they do mean that the arms control agreements and other major understandings of the last two decades are not taking root. And the palpable mistrust means that no new negotiations can succeed until the two governments are able to define the foremost interests to be served.

The essential division of Europe — is it to be maintained or perpetually challenged? And if defied, by Foes or West Germans, how are the superpowers to respond? Can rivalries elsewhere be contained and confined to nonmilitary action? And if the nuclear arms race is to be halted, precisely what is a stable balance among asymmetrical arsenals?

Until these questions appear on the agenda, nothing hopeful will be said.

—THE NEW YORK TIMES.

## Instability in Bonn

With the fall of Helmut Schmidt's government, West Germany embarks on a period of maneuvering and instability. The new chancellor, Helmut Kohl, is a competent and experienced politician who is unlikely to make large and sudden changes in basic policy. But whether he sits firmly in the saddle very much an open question.

The vote of confidence and the installation of Mr. Kohl were the climax of a long campaign of parliamentary intrigue and maneuvering of a sort that West German voters do not much like. Mr. Schmidt has denounced his former partners, the Free Democrats, for switching sides without first giving a national election. That approach is likely to have resonance throughout the country, where there was sharp division among Mr. Kohl's conservative supporters on this point, and the Free Democrats themselves split over it. All West German politics through the coming fall and winter will revolve around the elections that are now scheduled for March.

The FDP's stake in the timing of the elections is survival. Polls indicate that if the

election were held today, the party's vote would fall below the 5-percent minimum required for representation in the Bundestag, and the Free Democrats would vanish. Their bargain with Mr. Kohl's Christian Democrats is to provide support now and hold the election later — after they have had time, presumably, to repair their standing in the country. You are entitled to a degree of skepticism about that strategy. At the least, this bargain is a constraint on the new chancellor in his efforts to establish himself as a figure of an authority equal to that of his predecessor.

Mr. Schmidt has been for eight years a source of strength to his country and to the alliance of the Western democracies. He has led his country with great skill, holding its purposes steady in a time when, as in most of the Western countries, his government was being gradually eroded by the poor performance of the economy. Many Americans will recall why that he was never an uncritical friend. But it is not the uncritical friends who serve the alliance best.

—THE WASHINGTON POST.

## Other Opinion

### Irish Vertigo in Iran

The giddy ease with which lives are snuffed off in revolutionary Iran is by now an old story. [It speaks] depressing volumes about the state of Iran, volumes that defenders of the late shah can read with smug satisfaction.

—The Pittsburgh Post-Gazette.

### he 'Jews' of Beirut

The place in which a population takes refuge, the place where it is cornered, shut in, it off — such a place is called Beirut. A punitive raid that spares neither women nor old people nor children, and during which the raiders carry out a blind massacre, called what? A pogrom.

Persecutions like that have been inflicted on all the minorities of the world. But in the selective memory they are associated with hate? With what the Jews suffered in Russia, a start. In Beirut, in the camps of Chatila and Sabra, at least a thousand Palestinians and themselves in that situation. In their tents they suffered a pogrom. They were the "ews" of their slaughter.

—Le Nouvel Observateur (Paris).

### Chancellor Kohl's Turn

Any West German chancellor is primarily judged abroad, in the East as well as the West, by his steadfastness on defense issues, and on this count Herr Schmidt has thoroughly earned both the irritation of Moscow and the gratitude of his NATO partners. His termination, unshaken to the end, to the point, if need be, the new generation of cruise missiles on West German soil.

West Germany, in spite of its placid surface, is not an easy country to govern and is growing less easy as new generations grow up unimpaired by memories of Weimar or the Third Reich. In its long reign, the SPD-FDP coalition strove with diminishing success to contain the growth of radical politics. But fundamental dissent — principally on the left, but expressed through the anti-nuclear, "Green" and "alternative" movements — has been extending since the late '70s. If these movements were prepared to give Chancellor Schmidt a hearing when he begged them to restrain themselves, they will see on reason to do any favors to Chancellor Kohl.

The Federal Republic will have a different, shockingly weaker government whose foundation is nothing more than the ambition of two lightweights — Hans-Dietrich Genscher and Helmut Kohl — to survive.

—Frankfurter Rundschau (Frankfurt).

After the pro-Soviet Schmidt administration leaves the political scene, the atmosphere between East and West will grow tense.

—Tokyo Shimbun.

## A Nuclear Blackout That Needs Lifting

By James Reston

WASHINGTON — After a two-month summer recess, the U.S.-Soviet talks on the control of nuclear arms have resumed in Geneva. It would not be unreasonable to say that these may be the most important diplomatic negotiations of our time, or any time. The odd thing is that so few people know anything about them.

This is not because there is a conspiracy of silence. Nothing would be more damaging to the success of these talks than daily briefings by the ambassadors for reporters outside the door.

There is a problem, however. Both sides have agreed to keep the details of their day-to-day discussions private, but they have also agreed that the broad principles of their negotiations and the way the talks are going should be made public.

They have been faithful to this on the whole, but there has been very little analysis in the American press or even in the universities about their different approaches to a question that involves the peace of the world and maybe even the future of the human race.

The renewal of the nuclear talks in Geneva was ignored in most American newspapers. When Eugene Rostow, director of the U.S. Arms Control and Disarmament Agency, recently made a brilliant address to the Los Angeles World Affairs Council defining the conflicts at Geneva, his remarks were not even reported, let alone analyzed, in most of the serious publications in America. The question is not whether the U.S. or the Soviet approach to the control of nuclear weapons is right, but why they are not discussed as carefully as President Reagan's economics, or the strike conflict between pro football players and owners.

One reason is that the atomic issues are so technical and complicated that they are beyond

the understanding or even the imagination of most people. The United States and the U.S.S.R. both now have approximately 7,500 ballistic missile warheads, enough to blow up the world several times over, and there is endless argument about the comparative advantages of land-based missiles or sea-based missiles, multiple warheads, "smart" cruise missiles and other mysteries.

The Reagan administration is confronted by some influential people who want a nuclear agreement with the Soviets at almost any cost, and by others who wouldn't risk a deal with Moscow no matter what the Soviets promised.

Accordingly, the tendency is to "leave it to the experts," most of whom nobody knows, and this is also true of the press and the universities, which are not concentrating on the control and spread of nuclear power and nuclear wastes, although this may be the most important question for the preservation of the civilization that such institutions presume to represent.

At least a few American newspapers have spent much thought and money on the education and training of reporters to cover the tangles of economics or the law, and to master the languages of the changing world they have to cover, but most of them have done very little to train people to watch and report on the growth, the possibilities and the dangers of atomic power. This may be the most important "beat" in the journalistic and scientific world today.

Similarly, at least some of America's best universities have schools of Soviet studies and African studies — oddly very few on Middle Eastern or Latin American studies — but none, to my knowledge, on atomic studies. There are

some classes — for example at Stanford University among other places — on "arms control." These have proved to be popular. But, in general, the instruction is sadly inadequate to the requirements of the nuclear age.

The U.S. diplomats at Geneva claim that America is behind the Soviet Union in the development of many atomic missile systems. The Soviet diplomats insist that they are behind the United States in other nuclear weapons.

It reminds me of an argument during the last world war when the late Adlai Stevenson, then in the Navy Department, was talking to a Soviet diplomat about the delivery of supplies to Moscow. Mr. Stevenson protested that the Soviets were behind in delivering what supplies they needed. The Russian complained that Washington was behind in delivering the goods. "I have not come here," the Russian diplomat said, "to discuss my behind but to discuss your behind."

Complicated as this devilish subject is, and even admitting that the tangle of arguments about throw-weights and multiple warheads is beyond the ken of most concerned people, it should not be impossible to do a little better in reporting and explaining why these two principal nuclear powers, who are committed to control their own nuclear arsenals and avoid the proliferation of the weapons that threaten the peace of the world.

If they cannot resolve this problem, they have an obligation to explain it, and the press and the universities should train the coming generation to keep it up front so that the people can understand what is at issue — which may very well be the lives of their children.

The New York Times.

## When the Kremlin Battens Down The Hatches

By Dusko Doder

MOSCOW — There are times when the Russians are eager to convince everyone, including perhaps themselves, that they are joining the modern world. One such time came in 1990, before the Olympic Games in Moscow, when the Soviet Union introduced direct-dial telephone links with the rest of the world.

Two years later this cautious experiment in direct communication through the Iron Curtain has been choked off, in an apparent attempt to preserve isolation from the capitalist world. (Links within Eastern Europe continue uninterrupted.)

At the same time, the political police of the Committee for State Security, the KGB, have moved decisively against the few remaining political dissidents and Jewish activists, who have been warned in no uncertain terms that outspoken opposition will no longer be tolerated.

By a coincidence that was, as Western analysts in Moscow say, no coincidence, the authorities have renewed pressure on foreigners who maintain contact with Russians. The harassment ranges from punctured tires to the detention of two Russians traveling in a Canadian diplomat's car.

None of this is illogical in a society whose government seeks to control all channels of contact with the West. Without direct dialing, the KGB's technicians will have much less difficulty monitoring international calls. Closer monitoring will allow the KGB to squeeze the channels between Soviet citizens, Westerners and Soviet émigrés in the West through which dissident ideas have reached Europe and America, from there to



be beamed back to the Russian people via Western radio stations.

It is puzzling that the authorities have taken a decidedly harsher stand at a time when it is increasingly difficult to speak of a dissident movement. What was called in the early 1970s the democratic movement, a loose coalition of several hundred intellectuals, exists no more. Its members are exiled, dispersed, jailed or demoralized. The informal circulation of typed, dissident manuscripts, which once flourished, has dwindled.

In the search for an explanation of this abrupt tightening-up, speculation has focused on the new KGB chief, Vitaly Fedorchuk. A no-nonsense professional who reportedly served as a KGB operative in Vienna in the early 1950s before moving to senior positions in Moscow and then in the

Ukraine, Mr. Fedorchuk may want to make his mark on the vast organization he has been heading since May.

As head of the Ukrainian KGB, he was close to the turmoil in neighboring Poland. He wanted in an article last year against Western "ideological subversion" aimed at the "spiritual decomposition" of the Soviet Union.

But Western diplomats find this analysis only partially satisfying. No one official, and particularly not a political outsider like Mr. Fedorchuk, can make such an important decision. A possible explanation is that the authorities have decided to stamp out political dissent altogether. While in the past Moscow's harshness toward dissidents at home may have been inhibited by Western public opinion, Soviet-American relations have reached such a low point that West-

ern disapproval could have little leverage in Moscow, some speculate.

It is now 18 years since Leonid Brezhnev and his colleagues deposed Nikita Khrushchev. Mr. Brezhnev appears to have bounced back from the grave illness of last spring, but the party remains preoccupied with the succession question. The appointment of Mr. Fedorchuk to head the security apparatus may have been due to a desire in the Politburo not to give any politician control over the KGB during the transition period.

Nobody professes to know how long the transition period is going to last. But Western specialists believe signs of internal tightening suggest precautionary measures far stresses and strains that are bound to come when Mr. Brezhnev leaves the scene.

The Washington Post.

## About Use and Misuse of the Holocaust by the State of Israel

By Michael Adams

LONDON — Few Western readers have access to the Hebrew press in Israel or are aware that many issues considered too sensitive for public discussion in the West are freely debated in the wide range of Hebrew newspapers and periodicals.

I have in front of me a particularly striking example. It is a translation of a long article in the literary review Yifon 77, published in Tel Aviv. The author is the Israeli writer Boaz Evron and his subject is the Holocaust.

Or rather, in Mr. Evron's words, "the misuse of the Holocaust as a means of propaganda, and the damaging effect he believes this has had both on the Jewish people and on the state of Israel, and most of all on Israel's relations with the outside world."

The author starts by reminding his readers that the Jews were the principal but not the only victims of the Holocaust. Recalling the brutality with which the Nazis exterminated millions of Poles and an even greater but unknown number of Russians, to say nothing of the Gypsies, he observes that the fate of the Jews, however frightful, was not unique.

The point is of importance to him not because he wants in any way to minimize what happened to the Jews but because he thinks that the Zionists have made a great mistake by trying, as he says, to "monopolize" the Holocaust as a truly Jewish experience. In doing so, he says, they have only reinforced the Nazi thesis that Jews stand somehow apart from the mainstream of the human race.

This has strengthened what he calls the "paranoiac reaction" of some Jews, who feel themselves "cut off from humanity and its laws." This in turn, Mr. Evron says, may encourage some Jews, when they find themselves in positions of power, to misuse that power, treating non-Jews as "different" and thus subhuman — thereby reflecting in their own behavior the attitudes of which they feel themselves to have been the victims.

One of the principal gains, he says, was to heighten the sense of guilt of the Germans: to put Germany in a situation of permanent disadvantage in the eyes of the world and to exploit this situation not only by extracting still greater payments in reparation for the crimes of the Nazis, but by insisting at the same time (quite rightly) that mere money could not compensate for the sufferings of the Jews.

This aim the Israelis achieved, but the price, Mr. Evron suggests, was a high one for Israel itself. For the relationship established with West Germany, which was to become "the model for Israel's relationship with most of the Christian countries of the West," was an abnormal relationship. It was not based, like any normal relationship between two countries, on

a balance of mutual advantage and obligation. It was a relationship in which one party, because of its sense of guilt, was under an obligation to provide the other with every kind of moral and material support — and could expect nothing in return.

This, Mr. Evron believes, was very harmful to the Israelis because it constructed a kind of "political and economic glasshouse around Israel," a transparent shield which insulated Israel from political and economic realities. As a result, he says, "Israel, from the moment of its establishment, has never had to face up to the real forces operating in the world."

Protected in this artificial way from the realities with which a normal state has to cope, Israel developed political and economic systems

that were abnormal from the start and have grown more abnormal as Israel has continued to live in this unreal and sheltered vacuum.

One paradoxical consequence of this, he remarks, has been to frustrate the central aim of Zionism, which was to enable the Jews to live normal lives in a state like any other. Instead, he observes, the way in which Israelis have used the guilt feelings of the outside world as a kind of crutch has actually prevented Israel from becoming a normal state. It has imposed on Israel "the status of a permanent beggar, unable to support itself" and living "on the credit of the 6 million," dependent in every respect, even for its military power, on the assistance it is able to extort from others.

Mr. Evron describes this as a process of "moral blackmail" in which Israel's leaders constantly play on the theme of the Holocaust in order to make their listeners feel guilty of Israeli traveling abroad around the world, the intensely moving memorial to victims of the concentration camps, as part of a "getting-to-know-Israel process" and in order to arouse in the guest "the proper feeling of ritual guilt that is required of him."

Because they do harbor guilt feelings about their failure to save Jews from the Holocaust, the Christian countries of the West have subjected to this moral blackmail and have supported Israel, as Mr. Evron says, "far beyond, and at times even against, their own legitimate national interests." Changes of government in Israel have made no difference. What he calls Mr. Begin's "Holocaust rhetoric" follows the tradition established by previous leaders — and he makes the interesting point that none of Israel's leaders has known how to handle the Third World, because Israelis "have had difficulty in finding any language in which to communicate with countries that have no guilt feelings toward the Jews." How, he asks, "can you accuse China of anti-Semitism?"

But where the Western world is concerned, Boaz Evron (writing before the invasion of Lebanon) warns his fellow countrymen that time is running out. The stock of guilt feelings "is like a limited bank account that one keeps drawing on."

The writer is editor-in-chief of Middle East International. This article appeared in The Guardian in London.

## LETTERS TO THE EDITOR

### Begin and Reagan

A recent editorial asked, "Why doesn't Menachem Begin listen when Ron says?" The answer, quite simply, is that familiarity breeds contempt.

MARIO FUSCO, Rome.

### The FDP's Function

Regarding "Tail Wags Bonn Dog Again" (HT, Sept. 21): The commentary on the role of the FDP falls short of your usual percep-

tiveness about West German affairs. The German political psyche is prone to see matters in terms of black and white, a tendency which in the past has led to major aberrations and poor political choices. Since 1949 the FDP has softened transitions, bridged opposing views and helped the democratic process to function successfully in a nation still reeling from the ravages of political dictatorship. All efforts should therefore be made to assure the survival of the FDP.

CONSTANTIN BODEN, London.

## OCT. 4: FROM OUR PAGES 75 AND 50 YEARS AGO

### 1907: Tensions in Cuba

CRIST — Today's editorial in the Herald asks: "Labor conflicts evidently find a congenial soil in Cuba. At the present moment, justice in Havana is paralyzed by strikes at involve the railway employees, messengers, par-box makers, the women engaged in the cigar factories, lithographers and even the domestic makers. The various parties in is struggle between capital and labor are tusing to entertain the idea of any compromise, and it is feared that grave disturbances may take place when some strike-akers arrive from Boston. Fortunately for the island, under Governor Magoon, is in strong and capable hands."

### 1932: Roosevelt's Evolution

PARIS — Governor Roosevelt's power speech was easily the best of his Western trip. It was based on a genuine familiarity with the material under discussion; it is factual; it rings true. As governor of New York, he not only inherited Alfred E. Smith's power policies, but came to grips with the problem of applying them. After campaigning furiously upon a vague and emotional water-power issue and appointing a radical or two to the Port Authority, he abandoned the grandiose schemes of state distribution with which both former Governor Smith and he had flirted, and turned toward an accord with the existing agents of distribution. His federal policies reflect the same trend of thought.

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## Energy Dept. Assailed In U.S. Agency Report On Fiscal Management

By Judith Miller  
New York Times Service

WASHINGTON — Financial mismanagement and inadequate internal controls are rampant in the Department of Energy, according to a new report prepared by the General Accounting Office, an investigative arm of Congress.

One of the most extensive reviews of the Energy Department's financial management practices, the study concludes that the lack of accounting and auditing controls has made the agency vulnerable to fraud, waste and abuse that could cost taxpayers millions of dollars a year.

The agency, which assigned 65 auditors to the study found "significant control problems" at the department's headquarters and each of the four field offices it reviewed.

"Because of these weaknesses, we could not assure ourselves of the reliability of the data produced by the department's accounting system," the report states.

No "Overnight" Solution  
A spokesman for the Energy Department said Friday that she had not seen the report and therefore could not comment on its findings. At the same time, the acknowledged that there were significant accounting and control problems within the agency, but said that they were being corrected.

"These are difficult and time-consuming problems," said Constantine C. Stuart, the spokesman. "The secretary places high priority on solving them, but it can't be done overnight." James B.

## H.W. Janson, 68, Dies; Art Historian in U.S.

New York Times Service

NEW YORK — Professor H.W. Janson, 68, author of the best-selling "History of Art," and for more than 30 years professor of the history of art at New York University, died Thursday on a train between Milan and Zurich.

Mr. Janson was known to millions of readers in many countries for his richly illustrated "History of Art." First published in 1962, it was translated into 14 languages and is widely regarded as both an essential teaching instrument and a book that can be read and looked at with continual enjoyment.

His other books included "Apes and Ape Lore in the Middle Ages and the Renaissance" (1952) and "The Sculpture of Donatello" (1957), both of which won the Charles Rufus Morey Award that is given by the College Art Association for the best book of the year in art history. Selected writings were published in 1974 under the title "Sixteen Studies."

At the time of his death he was working on the publication of the Andrew W. Mellon Lectures that he had given at the National Gallery in Washington in 1974 under the title of "19th-Century Sculpture Revisited." He had also just completed his contribution to "Art of the 19th Century," a book of which Professor Robert Rosenblum will be co-author.

William Bernbach  
NEW YORK (NYT) — William Bernbach, 71, the founder and former chairman of the Doyle Dane Bernbach advertising agency, died here of leukemia Saturday.

Perhaps more than any other person of his time, Mr. Bernbach changed the face of advertising in the United States, steering it away from the old clanging, often vulgar, hard sell toward low-key, provocative and usually believable sales messages. "Think Small" were the only words on a full-page ad for Volkswagen, which pictured the tiny Beetle somewhere on a sea of blank space. "We Try Harder Because We're Number 2," was the slogan for Avis Rent a Car.

The agency he helped found in 1949 with less than \$500,000 in billings is today the 10th largest agency in the United States, with \$1.2 billion in annual billings.

"Creativity can be something talked about, like the weather or sin," Mr. Bernbach once said. "We really sweat it at here. We believe that good taste can be good selling."

Police, Foes of Reactor  
KALKAR, Germany — Fighting broke out Saturday between police and demonstrators protesting the construction of a fast-breeder nuclear reactor near the West German border with the Netherlands.

After about 20,000 protesters gathered near the site, a police spokesman said, a breakaway group tried to storm a protective fence, throwing gasoline bombs, stones and bottles. Police in riot gear held them off with water cannons and tear gas, he said.

## Test Finds Few Want Electronic Newspaper

By Jonathan Friendly  
New York Times Service

NEW YORK — The vast majority of Americans are not yet prepared to read the news each day on their home television screen, according to researchers who led a two-year newspaper industry experiment of testing that service.

Results of the experiment, described Thursday in New York, support the view widely held in the newspaper industry that while such services are technologically feasible, there is no mass audience to make them profitable, thus little incentive to develop them now.

In describing the experiment, known as Compuserve, Lawrence G. Blasko said, "There is no clear and present danger to the American newspaper industry from electronic delivery of information to the home, at least not in the present form of either electronic information or the newspaper industry."

Mr. Blasko is director of information technology for The Associated Press, one of the participating organizations. The others were Compuserve, a time-sharing computer network based in Columbus, Ohio, and 11 newspapers: The New York Times, The Washington Post, The Los Angeles Times,

The Minneapolis Star and Tribune, the San Francisco Chronicle, the San Francisco Examiner, The Columbus Dispatch, the Atlanta Journal and Constitution, the Middlesex (Mass.) News, The Norfolk Virginian-Pilot and Ledger-Star and the St. Louis Post-Dispatch.

Government and private studies have consistently predicted that consumers will eventually use a technology known as videotex to get information such as general news or stock prices or to do their banking and shopping. With videotex, customers use a computer linked to a television screen and a telephone or cable television network to search through a central information bank for what they want.

Most videotex trials have involved relatively small audiences, making it difficult to judge the potential demand or the mix of information that might be wanted as home computers come into wider use. The Compuserve Information Service had 28,000 customers when the experiment ended in June.

The customers, who paid \$5 an hour to connect to the central computer, were generally younger men in high-salary, white-collar jobs, a group substantially different from the country as a whole.

Users could get any of the articles the

newspapers or The Associated Press had carried. While some read their hometown newspapers electronically, others used the system for out-of-town dailies, particularly The Washington Post, The Los Angeles Times and The New York Times.

The study found decreasing interest in those electronic newspapers as the experiment progressed. In the last eight months, a third of the customers looked at an electronic newspaper only once, and the average time a customer spent with the newspaper dropped to five minutes.

A group of hard-core news readers, about 10 percent of the users, accounted for half of the sessions in which customers looked at newspapers or the AP report rather than using Compuserve to send one another electronic mail or to play video games.

That experience paralleled results of Knight-Ridder Newspapers' Viewtron service, offered in Coral Gables, Fla., last year.

The Compuserve study found there may be a market for relatively specialized kinds of information, such as business news. The Dow-Jones News Retrieval system says it has 47,000 customers for its business and economic information, stock market quotations and corporate histories along with more general news reports.

## Troubled UPI News Agency Plans Improvements Worth \$20 Million

New York Times Service

DENVER — United Press International, the second-largest U.S. news agency, has announced a \$20-million program to enlarge its newsgathering efforts and to improve its communications systems.

Spokesmen for the financially troubled agency said Saturday it had signed \$1.5 million in new contracts with newspapers, added \$800,000 in broadcasting business and reduced the rate at which it had been losing business.

The announcements came at the close of UPI's 73rd annual meeting of editors and publishers who are its clients. They had been waiting for a detailed explanation of the plans for the service since the E.W. Scripps Co. of Cincinnati sold the news agency four months

ago to a group of four investors who are operating as the Media News Corp. based in New York.

UPI and its rival, The Associated Press, are the primary sources of articles and pictures about domestic and foreign events for most newspapers and broadcasting organizations in the United States.

In a heated session Thursday with a policy advisory board representing newspaper clients, the owners were closely questioned about the sources of their finances, their ability to underwrite future losses and whether they planned to redirect the service from newsgathering toward electronic information processing.

On Saturday, editors said that that session had lessened suspicions about the motives and plans of the new owners.

Facing their clients Saturday morning, the new owners said they expected to restore the service, which has annual gross revenues of \$110 million, to profitability within

## U.S. to Extend Life Of Passports, But Raise Their Cost

United Press International

WASHINGTON — The State Department will double the life of passports to 10 years, but in an effort to cover mounting costs of services to travelers, it will raise the base fee for the document from \$10 to \$35, officials announced.

Inflation and the costs of greater government services to U.S. travelers long have outrun the \$10 fee, officials said.

Americans with valid five-year passports may use them until expiration, then obtain a 10-year issue for a base \$35. Some applicants are required to appear in person to swear to the truth of the information they provided and are charged an execution fee. This will be increased from \$5 to \$7.

All passport applicants under 18 will be charged a total \$27 — the base fee is increased from \$10 to \$20 and the execution fee is \$7. However, the passport for 18-year-olds or younger will retain a five-year validity "since their appearance changes more quickly," the department said.

## Worldwide Slump Said To Spur Press Curbs

By Barbara Crossette  
New York Times Service

CHICAGO — A deteriorating world economy, leading to stringent government regulations, has added to the problems confronting newspapers in the Western Hemisphere, according to a report on freedom of the press issued last week by the Inter American Press Association.

According to the report, presented here last week to the annual general assembly of the association, journalists throughout the Western Hemisphere also face increasing political pressures, judicial challenges and a growing trend toward government licensing of reporters.

The association represents more than 300 publishers and editors from North, South and Central America and the Caribbean.

Violence against journalists is also increasing, according to the report, which singled out Guatemala, Honduras and El Salvador as three countries in which killings and disappearances of reporters increased. The report said that foreign correspondents worked in a "hostile" environment in El Salvador, and that in Guatemala, jour-

nalism was a "hazardous" profession.

A newly emerging threat to journalists, the report said, was the economic downturn in several countries, which forced them to seek work in other fields.

Nicaragua's Sandinista government was criticized for its act against newspapers. Several times since a national state of emergency was declared in Nicaragua, the press was forced to suspend publication, or has done so voluntarily rather than submit to government pressures.

In its assessment of the impact of a worsening world economy on the press, the report said growing government controls, foreign exchange and stiffer port regulations were limiting freedom of publishers in several nations.

The report ranked Cuba, Haiti as the countries with the greatest restrictions on the press. It also found shortcomings in Canada, where pending legislation would restrict journalists, and the United States, where Reagan administration has cited the Freedom of Information Act.

## LOOK INTO SINGAPORE 1986

There has never been anything like Raffles City in this century. Two luxurious Westin Hotels open in 1986, along with the ultimate meeting space: two grand ballrooms and 40 other meeting areas totalling over 6,000 meters (65,000 sq. ft.). For your free copy of "The Ultimate Meeting Space" attach your business card to this ad and send to: Westin Hotels in London, 7-8 Conduit St., London W1R 9TC. United Kingdom; in Tokyo, Yurakucho Bldg., #405, 1-10-1, Yurakucho, Chiyoda-ku, Tokyo 100, or London TELEX 22144. Tokyo TELEX 2224507.

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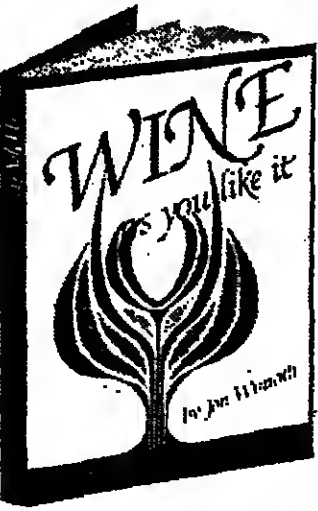
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«Wine is meant to be enjoyed, not analyzed to death.»

The Herald Tribune's new book by Jon Winroth makes light of wine snobbery—but sparkles with facts



This quotation is from Jon Winroth's new and highly professional book, in which he rejects the windy pontification so often associated with wine buying, wine tasting and wine serving. Witty, chatty, and often incoherent, this is a book of our time. For those who know wines and those who don't, there's much to be learned from WINE AS YOU LIKE IT. Order a copy today for yourself—and some extras while you're at it. A perfect gift, for friends or family.

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## Some News About the

THE GLOBAL NEWSPAPER  
 Edited in Paris  
 Printed Simultaneously  
 in Paris, London, Zurich,  
 Hong Kong and Singapore

# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post



No. 30,986

SINGAPORE, MONDAY, OCTOBER 4, 1982

ESTABLISHED 1887

## IHT Expands in Asia With Singapore Edition

### Paris to Singapore At the Speed of Light

The International Herald Tribune is using the most advanced communications technology to prepare its pages in Paris and transmit them to Singapore. Each night, the Trib is put together in Paris by a fully computerized editing and typesetting system. A positive proof of each completed page is then attached to the drum of a facsimile transmission machine. The drum spins at a speed of 3,600 revolutions per minute, allowing an electric eye to convert black and white impressions into electronic impulses. These impulses are sent by wire to a space relay station in Brittany.

The electronic signals are then beamed to an Intelsat IV-A communications satellite placed 23,000 miles above the Indian Ocean, and from there to a giant receiving dish operated by Telecom in Singapore.

From the receiving dish, the signals travel by wire to the printing plant of Nanyang Siang Pau, where they are converted into black and white impressions on a page-size film negative.

It takes just four minutes to send a typical page from Paris to Singapore. The link allows for the transmission of 56 kilobits — or 56,000 binary figures — per second. This means that the Singapore presses can be rolling at the same time as the other IHT presses in Paris, London, Zurich and Hong Kong.

The IHT has been printing in Paris since 1887, but its London and Zurich printing operations date from 1974 and 1977, respectively. London and Zurich links are made entirely by cable rather than by satellite. The equipment used in the process includes Muirhead Pagefax transmitters and a CIT-Alcatel integrated-circuit modem.

The IHT's Hong Kong satellite edition, launched in September 1980, marked the first time that a daily newspaper was printed simultaneously on two continents.

A second recent revolution in IHT technology occurred in 1978 with the installation of an electronic, computer-controlled editing and typesetting system. In the course of a single weekend, the IHT leaped technologically from the 19th century to the 1970's, becoming one of the most modern newspapers in all of Europe. The new Singapore printing continues this tradition of technological innovation.



The International Herald Tribune chronicles all the daily news made by today's leading political figures. And world leaders not only appear in the IHT, many have authored articles for its pages.

### Trib Presents Not Only News But Views

On its news pages, the International Herald Tribune strives to present the facts as clearly and objectively as is humanly possible. But its editorial page is a different story; this is a forum for other points of view and many shades of opinion.

Day after day, political analysts, columnists, guest writers from around the world present their theories and state their opinions to a world audience in 164 countries.

Prize-winning columnists including James Reston, George Will, Flora Lewis, Joseph Kraft, Anthony Lewis, David Broder and Tom Wicker appear frequently.

Cartoonists also are Trib edit page regulars, skewering pomposity with deadly pen strokes. Mauldin, Ophiant, MacVally, Herblock are all IHT regulars.

Because its readers are anxious to know about the American point of view on the flow of world affairs, the IHT regularly reprints editorials from the New York Times and Washington Post — and carries roundups of editorial opinion from other world newspapers as well.

Readers respond, sometimes with heat, often with intellect, and occasionally with whimsy, in the Trib's eagerly read Letters column.

And there's something special for readers in almost every daily issue:

• The Insights page on Wednesday analyzing major world trends with several in-depth studies.

• Science and Technology every Thursday.

• A special Style page one Thursday each month.

• Weekend, a four-page leisure section each Friday, including a new, two-page World Travel spread.

And there are the supplements as well — multi-page special sections carried within the paper devoted to a single subject and examining it in depth. Trib supplements sometimes appear several times in a single week, and many are saved, re-read and referred to again and again as basic source material during the rest of the year.

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### Global Newspaper Adds Fifth Printing Site

On October 4, 1982, exactly 95 years to the day after its very first issue appeared on the streets of Paris, the International Herald Tribune launches printing operations in Singapore.

This new Singapore-printed edition originates with the paper's editors in Paris who, each night, satellite text and advertising copy to the Telecom receiving station in Singapore. Telecom relays the pages to the printing plant of Nanyang Siang Pau, where the paper is reproduced in time for early morning reading in the Lion City and for immediate shipping to nearby countries in South and Southeast Asia. Readers in Malaysia and Indonesia, for instance, can now obtain their copies on the day of issue, earlier than ever before.

In announcing the Singapore launch, IHT Publisher Lee W. Huebner cited the remarkable success of the paper's Hong Kong edition, started just two years ago, as the prime reason for the IHT's continuing expansion into Singapore.

"I am delighted to report that we were overly cautious in our projections of how Asian readers and advertisers would react to our

Hong Kong edition," he said. "Results to date have surpassed our most optimistic expectations, and our Asian operations actually began to show a profit this spring, a year and a half ahead of schedule."

"The response in Southeast Asia was so favorable that we decided to explore even quicker and more efficient ways to serve our readers in this region. Locating a printing site in Singapore instead of shipping copies all the way from Hong Kong was the answer."

Singapore is the fifth printing site for the Paris-headquartered paper, which operates facsimile operations in London, Zurich and Hong Kong as well as a printing plant in Paris.

Although advertisements in the European and Asian editions vary occasionally, the editorial content of each edition is largely the same.

Explaining the IHT's editorial formula, Executive Editor Philip M. Foisie says, "Our experience, and our research show that the strength of the newspaper's appeal to Asian readers is that its content is fundamentally the same as that of the paper which we publish in Europe, a global daily paper filled with significant international news which is essential for business and professional people wherever they may be."

Circulation figures in Asia bear out the thesis. The first year of printing in Asia, the IHT's circulation climbed swiftly to 12,000 copies sold each day. After the second year, the figure is well over 17,000 and is increasing steadily. With 2.7 readers per copy (according to the latest audience survey), the Trib has over 45,000 daily readers in Asia.

Asian advertisers have also made the International Herald Tribune a regular part of their marketing plans. And most of the international advertisers who have long used the IHT as a conversion of their advertising in other parts of the world have chosen to use the Asian edition as well.

"This is not surprising," says Advertising Director, Richard Morgan. "The great majority of our advertisers — banks, airlines, luxury consumer goods and the like — are using the IHT to reach an elite international community. They were delighted when we offered them the opportunity to cover a similar audience, on a timely basis, in Asia as well as Europe."

### More World News in Less Reading Time

The Best of The New York Times and The Washington Post

The International Herald Tribune, now printing in Singapore, draws upon the largest group of experienced journalists available to any single news-gathering medium in the world.

Two of the IHT's three owners, the New York Times and Washington Post, each deploy large numbers of correspondents to staff more than 50 bureaus outside the U.S., plus large U.S. reporting networks. Their resources are the Trib's resources.

In addition, the Trib draws on the dispatches of massively staffed news organizations like the Los Angeles Times, Associated Press, United Press International and Reuters.

Plus deploying its own correspondents and stringers to a variety of datelines as stories occur, Joseph Fitchett and Axel Krause are among the IHT bylines that command instant respect, the world over.

All the words and pictures from this farflung network feed back each day into Paris where they are stored in computers and edited concisely by IHT newsroom editors to provide the reader, next morning, with the maximum amount of concisely edited reading material in a minimum of reading time — the whole world in just 16 pages.

International Outlook

The IHT is the world's first (and only) truly global newspaper, the first to be printed on both sides of the globe at the same time. In the

American tradition of reporting, it rigorously separates fact from opinion. Yet its character is by no means distinctly American; instead it has become a truly international paper, read by a third of a million people in 164 countries around the world.

Time Magazine probably best described the IHT, several years ago, when it wrote, "Many newsmen believe that for its size, the Trib is the most readable and informative daily published anywhere."

Co-sponsored by the IHT and the Oil Daily, this conference has become an annual event. Upwards of 300 senior executives usually attend, some flying many thousands of miles to participate in the deliberations.

The format of most IHT conferences is simple, allowing important voices to be heard, yet permitting plenty of give-and-take among all the delegates.

Top Speakers

There's an opportunity for delegates to make points from the floor and to debate important matters.

Speakers at various IHT conferences held in Paris, London and New York have included Henry Kissinger, Sheikh Ahmed Zaki Yamani, Donald Regan and Jean-Jacques Servan-Schreiber, plus a large number of additional government officials, political analysts and heads of major corporations and financial institutions.

Another unique and extremely successful IHT conference took place early in 1982 when several hundred businessmen were given the opportunity, under IHT auspices, to confer with cabinet ministers from the newly installed Socialist government of France.

The conference made major headlines not only in France but around the world. The event figured prominently in France's news media, on TV and was reported in detail on radio.

The IHT Conference Division is currently exploring the possibility of a similar meeting designed to help broaden the dialogue between governments in Southeast Asia and businessmen around the world.

Singapore has vaulted in the past two decades into a position of prominence as a communications and commercial center in Asia, explaining the IHT's decision to site a new edition in the Lion City.

### The Trib's Asian Readers: Who and Where They Are

Research on the readers of the Asian edition of the IHT reveal that they are very much like Trib readers in the rest of the world — educated, affluent, highly placed in business, government and the professions.

An independent audience study conducted by Research Services Ltd. of London and just released to the public, presents the following profile of the Trib's 45,000 Asian readers.

The average age of the IHT Asian reader is 42 years. Some 33 percent earn more than \$100,000 annually, and the average income is \$37,872. 74 percent of them hold top or middle management positions. They are well-travelled, 96% of

them having made a plane flight in the previous year. 45 percent of the fliers have gone at least once to Europe in that time and 57 percent of them to the U.S.A.

The circulation of the Asian edition, which is now about 17,000 copies daily (with 2.7 readers per copy) is broadly distributed. The Hong Kong printing site services Hong Kong (30% of IHT's Asian circulation), Japan (8%), the Philippines (8%), Taiwan (7%), Korea (2%) and the People's Republic of China (4%). The new Singapore production center will service Singapore (now 10% and expected to increase rapidly because of earlier availability), Indonesia (11%), Thailand (6%), Malaysia (5%) and India (4%). All

other Asian countries (5%) are supplied from Hong Kong.

Globally, the Trib sells close to 160,000 copies and reaches a third of a million executives, professionals, government leaders — and their families — each day. No more than 15 percent of its global circulation is concentrated in any one country, and American readers comprise less than 50 percent of the IHT's total audience.

Latest evidence of the IHT's high standing among world leaders: in a survey of continental Europeans listed in the prestigious "International Who's Who," 35 percent reported that they were IHT readers, making the Trib the most-read of all English language newspapers and magazines by this distinguished audience.

### Trib Born 95 Years Ago

It was exactly 95 years ago on October 4, 1887, that James Gordon Bennett, Jr., the owner of the prestigious New York Herald, launched his Paris edition.

A colorful and eccentric American expatriate, Bennett secured his newspaper through an exciting era. During La Belle Epoque, the European continent was at the height of power and confidence, its leaders reaching out to make contact with, and sometimes to confront, leaders from China, Japan and Russia.

Bennett realized this era was marked by a speeding up of communication and he pioneered in bringing a host of publishing innovations to Europe including the linotype, half-tone engravings of news photographs, the first transatlantic news wire and the first comic strips.

The paper quickly carved itself a niche as required European reading. Two hundred copies each day went to the palaces of the Russian czars (as today copies go regularly to the Kremlin). Travellers passing through Europe felt their trip incomplete if they didn't stop at the Trib's avenue de l'Opera business office and sign the traditional guest register there.

Bennett's formula for a good newspaper was "Names, names, names. News, news, news." During the first World War he found himself perhaps closer to the news than he might have preferred, as German troops approached Paris, and other publishing organizations evacuated to Bordeaux.

Bennett decided to stay. "The paper comes out," he said. His reporters would visit the battlefield at the Marne and then walk back to Paris to file their stories. Despite censorship, the paper did not miss an issue.

Reids Day IHT

Bennett did not live to see the allies' victory; he died on May 14, 1918. The black-bordered issue of the Trib appearing the next day marked the first time that his own name had ever appeared in the paper. In 1924, the Ogden Reid family bought the New York Herald and its Paris offspring, and merged them into the venerable New York Tribune which traces its own history back to the great American editor of the mid-19th Century, Horace Greeley.



James Gordon Bennett, Jr.

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The paper survived the frenzy of the Twenties and the Depression of the Thirties, but succumbed

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briefly during World War II to the German Blitzkrieg. It chose to continue publishing when most other papers fled Paris. Its final issue, dated June 12, 1940, was left unfinished as German troops entered the city.

By August 1944, the Trib's Paris offices and plant were humming again, first producing Stars and Stripes, then, in December, resuming as the headquarters of the reborn New York Herald Tribune.

The postwar Trib became more international, less of a Paris hometown paper. More and more educated, English-speaking Europeans became regular readers. In 1959, the Reids sold both the New York Herald Tribune and its European edition to John Hay Whitney.

When the New York Herald Tribune ceased publication in the mid-1960's, Whitney persuaded first The Washington Post and then The New York Times to join in a new, three-way ownership of his Paris publication. In 1967, the paper was re-named "The International Herald Tribune" and the words, "Published with The New York Times and The Washington Post" became a permanent part of its nameplate.

All the family enjoys the Trib's comics page, Doonesbury, Peanuts, Andy Capp — the world favorites are all there. Plus a tough daily crossword puzzle, frequent chess problems, mind-stretching bridge hands, book reviews and a Jumble puzzle for word addicts.

The IHT tells you what you need to know. But it also offers you a daily change-of-pace.

style which are globally influential and invariably delightful.

All the world's major sports are captured on the paper's sports pages. The stars are profiled; the matches detailed in text and stadium photographs. In Asia, the IHT is often the only daily newspaper to report American boxers in game-by-game detail.

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### We Don't Ignore The Lighter Side

IHT readers aren't completely submerged in political and economic headlines in the Trib. The paper takes time to laugh and to sing a little now and then.

Putting a smile on the faces of readers is what helped win Trib columnist Art Buchwald a Pulitzer Prize this year. He shares the Trib's back page each week with two other Pulitzer winners, Russell Baker and William Safire.

Culture and Sports

Trib cultural coverage includes film and theater, food and wine, music and dance — with scintillating personality profiles from Mary Blume, and with Hebe Dorsey contributing columns on fashion and

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# Future Leadership, Direction of Prosperous City-State Worries Lee

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OCTOBER, 1982

## SINGAPORE

AN ECONOMIC PROFILE

**Expected Fall in Growth Rate, Ability To Maintain Heritage Concern Leader**

By Pearl Marshall

DESPITE Singapore's prosperity, Prime Minister Lee Kuan Yew is a worried man. Having run this city-state for 23 years and more than any other individual directed its path to affluence, Mr. Lee, 57, wants to retire sometime in the next six years, but is skeptical about the qualities of those who would succeed him.

He also said that he was worried about the ability of the 2.4-million Singaporeans to face a troubled future. During his years at the helm, Singaporeans have come to look to him, in their Confucianism, as their patriarch.

Like every father, Mr. Lee wonders if the younger generation has the will to preserve its heritage and the strength to build on it. His fear is that it might let one of the world's greatest economic success stories disintegrate.

Mr. Lee is always issuing fatherly warnings about Singapore's vulnerabilities. To some, it is seen as part of his political technique. But his latest cautionary statements coincide with the onset of recession in a country that felt it was immune to such things.

Economic growth this year will likely average around 5 percent, good news by almost any country's standards. But to Singaporeans, who have come to take growth rates of twice that much as routine, the slower growth is likely to come as a shock.

Singapore's consistently strong economic performance, coupled with generous wage increases averaging around 20 percent in each of the past three years, have helped transform Singapore's middle class into one of the region's most affluent.

Weekend shoppers cram modern, air-conditioned stores in Orchard Road for the latest in high fashion and home furnishings. Big-item consumer products like automobiles, television sets and videotape recorders are within the reach of most. Thanks to a compulsory government savings scheme, many of the population own their own flats, adding to the feeling among Singaporeans that prosperity is forever.

Prosperity Threatened  
But high unemployment in the United States and Europe, two of Singapore's major trading partners, threatens this prosperity with protectionism and trade wars. Already Singapore's manufacturing sector has been hard hit by the recession, particularly consumer electronics, while Singapore's oil rig builders, the third largest group in the world, took only two new orders this year, compared with 16 last.

The giant Japanese-assisted \$1-billion petrochemical complex at Pulau Ayer Merbau, which is not even due to start operating until next year, is expected to sustain several years of losses because of the worsening market in petrochemicals worldwide and the high cost of imported raw materials necessary for its functioning.

Mr. Lee's anxieties about the younger generation are compounded by the emergence of what some view as the black sheep of his family, Joshua Benjamin Jeyaretnam of the Workers' Party, the lone opposition member of Parliament. Mr. Jeyaretnam gained his seat last October, the first opposition member to Mr. Lee's People's Action Party in Parliament for 13 years.

Mr. Jeyaretnam has busied himself asking questions on a variety of issues the average Singaporean has not bothered or dared to ask, issues that have been glossed over in the past as not really necessary for public consumption. This has given Singaporeans a rare insight into some government workings.

His appeal is not so much a viable alternative to the People's Action Party. Singaporeans are certainly not prepared to vote the party out of office. Rather, Mr. Jeyaretnam attracts support as the "underdog," giving some Singaporeans the vicarious feeling of bucking authority.

One of the issues that helped him win his seat in the first place was what he called the "arrogance" of the Political Action Party. Although Mr. Lee is viewed as the patriarch who can do no wrong and whose organizational acumen has led them pragmatically down the path to progress, the people "are not 100 percent behind him," according to a European who has practiced management Singapore's business community for a number of years.

Some Feel 'Stifled'  
The government's vigorous steering of the economy and the community in certain directions has brought prosperity to nearly everyone, but critics complain that the regimentation involved gives them "a stifled" feeling. Mr. Jeyaretnam's behavior helps relieve this.

Such public sympathy for the opposition has resulted in a vigorous government campaign to discredit Mr. Jeyaretnam. A Western political observer said, "They are making things so unpleasant that many believe the government has set out to discourage others from doing likewise."

In an essay "The Search for Talent," Mr. Lee recently warned of the dangers of "mediocrities and opportunists" taking over the government "if Singaporeans in a fit of pique or a moment of madness voted for the politics of the opposition for the sake of opposition. Five years of such a government, probably a coalition, and Singapore will be down on her knees."

No back-up staff officers can make up for the lack

### BASIC DATA

Area: 617.8 square kilometers (238.5 square miles).  
Population: 2.44 million.  
Gross domestic product (1980): U.S. \$10.1 billion.  
Annual growth rate (in real terms): 10.2%.  
Inflation rate (March, 1982): 7.6%.  
Exchange rate (28 September 1982): 1 U.S. dollar = 2.189 Singapore dollars.  
Exports (1981): U.S. \$19.50 billion.  
Imports (1981): U.S. \$25.79 billion.

## Economy Vulnerable To Ripple Effects Of World Recession

SINGAPORE — At the end of the second quarter this year, Singapore's gross domestic product showed inflation-adjusted growth of 5.7 percent from a year earlier. That was enviable by most countries' standards but Singapore's lowest in six years.

The dramatic descent from the heady double-digit growth rates of recent years has brought a fair share of gloom on the home front. Prime Minister Lee Kuan Yew in his eve of national day message in August warned that Singapore could end up with less than 5 percent growth if there is prolonged weakness in the U.S. economy.

"The Singapore economy can stand recession in America and Europe for one or two more years, but no longer," he said.

The reasons are obvious. More than 70 percent of Singapore's trade is with the major industrialized countries.

Its economy is unusual in that external trade is three to four times the value of gross domestic product. In many developed nations trade equals about 10 percent to 12 percent of gross domestic product. Only Hong Kong is seen as more vulnerable to external economic pressures.

The ripple effects of continuing worldwide recession reached Singapore in earnest during the first quarter of 1982 when the economy grew only 7.9 percent. Economic growth in 1981 had registered 9.9 percent, while the previous year recorded 10.2 percent.

### Export Markets Mixed

Singapore was able to weather the recessionary storm longer than many countries because of its spread of markets.

When the recession hit Singapore's European markets in 1981, for instance, the effects were partially mitigated by a sudden burst of strength in the U.S. economy in the first half of 1981, which lasted to the third quarter. At the same time, exports to Japan, Singapore's biggest trade partner, and Malaysia remained strong.

Exports to Japan in the first half of this year are still 500 million Singapore dollars more than in the same period last year.

Between 1978 and 1981 Singapore's exports to Japan doubled to 4.5 billion Singapore dollars, much of the increase due to petrochemical products. Imports also almost doubled in the same period.

Tony Tan Keng Yam, trade and industry minister, said recently, "The effects of the world recession are only beginning to be felt this year when all our export markets are either in recession or have slowed down and world trade has stagnated."

Shipping, trading and commodity sectors are feeling the recessionary pinch worst, as are some areas of the manufacturing sector, particularly consumer electronics' items like radios and television sets.

Industrial electronics, on the other hand, is still showing some strength, although it represents less than 10 percent of Singapore's electronics industry.

Overall manufacturing output, which showed a 13 percent advance in the second quarter of last year, declined almost 5 percent in the second quarter this year, the first negative growth in six years.

### Construction Booming

Counteracting much of the gloom has been the surge in construction activity, much of it encouraged by government funding for public housing. This resulted in a second quarter construction growth rate of 38 percent, nearly three times the rate in the same period last year.

This performance is the reason Singapore's second quarter gross domestic product growth was able to top 5 percent. If the construction sector were excluded, growth would not have reached even 4 percent.

Intensification of the public housing program is one of four government proposals to make sure the economic recessionary period is put to good use.

Mr. Tony Tan said, "If we miss the opportunity afforded by the present recession, then we will lose time and will have to wait until the next downturn in the business cycle in six to eight years time before we can tackle these tasks."

The other three proposals are:

- Strengthening Singapore's export drive. This includes setting up a trade board to boost exports.

- Upgrading the skills of the labor force, particularly the 600,000, or 57 percent, with only primary education or none at all.

- Paving the way for a return to normal collective wage bargaining.

The accelerated public housing projects, and other major public sector projects, such as the 5 billion-Singapore-dollar mass rapid transit system, and the \$420-million, 750-megawatt oil-fired Seraya power station on Pulau Seraya, combined with a busy private sector program, should keep

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## Number of Financial Institutions in Singapore

Institutions	End of Period			
	1980 December	1981 March	1981 December	1982 March
<b>BANKS</b>				
Local	97	100	108	112
Foreign	13	13	13	13
Full Banks	84	87	95	99
Restricted banks	24	24	24	24
Offshore banks	13	13	13	13
(Banking offices including head offices and main offices)	47	50	58	62
<b>ASIAN CURRENCY UNITS</b>				
Banks	115	120	131	137
Merchant Banks	82	85	93	97
Others	32	34	37	38
<b>DISCOUNT HOUSES</b>				
	4	4	4	4
<b>FINANCE COMPANIES</b>				
(Finance Companies offices including head offices)	34	34	35	35
<b>POST OFFICE SAVING BANK BRANCHES AND POST OFFICE COUNTERS</b>				
	105	106	107	107
<b>MERCHANT BANKS</b>				
	37	39	41	43
<b>INSURANCE COMPANIES</b>				
Life insurance	71	74	75	77
General insurance	6	6	6	6
Life and general insurance	56	58	59	61
	9	10	10	10
<b>REPRESENTATIVE OFFICES</b>				
Banks	49	49	50	52
Merchant Banks	45	45	46	48
	4	4	4	4
<b>INTERNATIONAL MONEY BROKERS</b>				
	7	7	7	8

\*All local banks are full banks.

## Regional Financial Services Role: Government Opts for Less Growth

By Dinah Lee

SINGAPORE — The idea that Singapore would quickly become a financial supermarket for Southeast Asia, offering all manner of services and eclipsing its rival, Hong Kong, seems to have temporarily lost momentum.

No one seems too alarmed that the implementation of this ambition has slackened, and all that remains is for the government to explain openly that it has put consolidation of rapid growth and regularization of the financial community ahead of yet more rapid expansion.

Recently an official of the republic's quasi-central bank, the Monetary Authority, said, "The problems we see result from overly rapid growth."

He echoed what is probably the opinion of the deputy prime minister, Goh Keng Swee, credited with being the architect of Singapore's economic structure, and once nicknamed, "Dr. Goh-ahead."

The financial community suspects he may be partly responsible for the damper put on many of the proposals collected from bankers and businessmen last winter by the minister for trade and industry, Tony Tan Keng Yam, during the pre-budget run-up.

At that time, a British businessman and longtime

resident of Singapore said, "If this budget doesn't achieve some significant improvements for the financial sector, you can forget about the so-called financial supermarket."

Only a week later, Mr. Tony Tan's budget speech ignored most of the major suggestions made by frustrated financiers.

Their main proposals were related to a needed liberalization of the financial structure in order to compete with the more freewheeling and entrepreneurial Hong Kong.

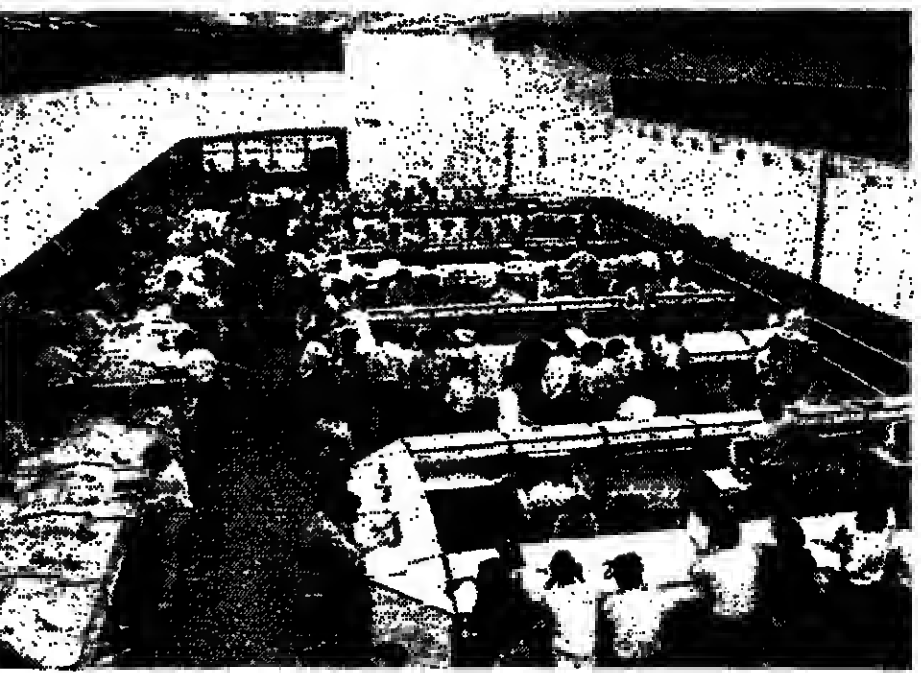
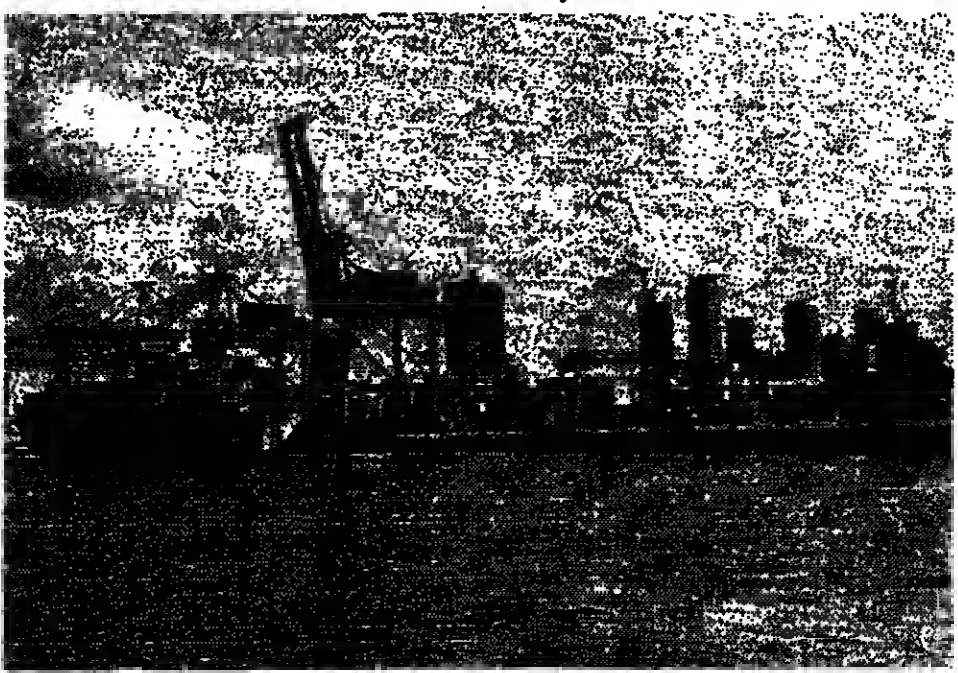
Corporate tax rates here of 40 percent are much higher than in Hong Kong, and restrict the growth of Singapore as a fund management center.

The banks suggested that offshore income should bear the same 10 percent concessionary rate of tax as the Asian Currency Units.

They also asked for changes in the classification of bonds, notes and floating rates of certificates held by banks to aid flexibility in asset management. They requested permission for banks to enter into stock-broking, for a lowering of the banks' liquidity ratios from 26 percent to 16 percent, and an abolition of tax on interest earned through bank deposits.

Instead, Mr. Tony Tan's budget contained modest

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VIEWS OF A RUSTLING CITY-STATE: From left, the central business district; center, the port of Singapore authority container port; and right, the trading room scene at the Singapore Stock Exchange.

## Foreign Firms Respond to Bid to Obtain Bigger Share of World Market

SINGAPORE — Singapore is busy sharpening its competitive edge to grab a bigger share of the world market during the rest of the decade.

This involves upgrading its manufacturing sector to produce high technology goods like aircraft parts and computers, expanding its servicing of sophisticated industrial machinery and moving into advanced knowledge-intensive services like investment, engineering, construction, medical and legal consultancy and computer software.

Foreign firms have been responding readily to the new policy. A choice area is the aviation industry. Sundstrand Corp. of the United States, one of the world's largest aircraft parts manufacturers, is producing constant speed drives for Boeing aircraft.

Another U.S. firm, Garrett Corp., with headquarters in Los Angeles, started in April manufacturing precision components for aircraft pneumatic systems. Garrett opened its first fa-

ctility in Singapore in 1978 for repairing and overhauling gas turbine engines.

General Electric of the United States, the largest private employer in Singapore, is busy producing aircraft engine components in one of its seven plants.

A boost was given the aerospace industry in August 1981 with the conclusion of a bilateral airworthiness agreement with the U.S. government. This allows components manufactured and certified in Singapore to be shipped to the United States and put straight into aircraft without further checking.

Exports of Singapore-made aerospace components to the United States are projected to reach \$95 million by 1983.

For the convenience of being near Changi airport, several aerospace firms are locating at Loyang, one of Singapore's 20 industrial estates, which together cover one-eighth of the 247-square-mile (618-square-kilometer) island state. A nucleus of other such companies operates out of the older Seletar airbase.

In line with the upgrading policy, Singapore's electronics sector is seeing strong growth in the area of industrial electronics computers, microcomputers, instruments and controls.

A number of companies that traditionally made parts and components for television sets and radios are now doing business with micro-computer firms.

"Having cut their teeth on consumer electronics, they can now move on," an Economic Development Board source said.

He said companies in Singapore are producing items like computer subassemblies, printer equipment, disc drives and data recording heads.

Commitments to new investment in the industrial electronics sector increased 133 percent last year compared to 1980.

The development board sees this sector expanding its share of Singapore's electronics industry from 3 percent in 1980 to about 20 percent in 1990.

Aerospace and industrial electronics are only two of several high-tech areas attracting foreign firms.

In pharmaceuticals, for instance, Britain's Glaxo group has set up Glaxochem for the first commercial scale production of ranitidine hydrochloride, an anti-ulcer bulk drug.

In the optical equipment sector, Switzerland's Wild Heerbrugg is producing surveying instruments, and in the medical sector the U.S. firm Baxter Travenol Laboratories is producing artificial kidney dialyzers and medical disposables.

In the petroleum industry, the U.S. firm Reed Rock Bit opened in August a new plant expansion to produce oil drill bits.

A U.S. Embassy source said that U.S. companies are opening new plants every few weeks in Singapore.

U.S. investment in fixed assets in the manufacturing industries is still largest, followed closely by the Japanese. Japanese expatriates

total 18,000, compared to the 16,500 Americans living in Singapore.

Although the development board does not provide details of country-by-country investment in the manufacturing sector, its 1982 economic survey showed U.S. investment in terms of gross fixed assets totaling 2.69 billion Singapore dollars, European investment at 3.35 billion and Asian investment at 2.6 billion. Most of the Asian investment is Japanese.

Most of the 1.9 billion Singapore dollars new investment committed to Singapore in 1981 was directed at technology-intensive and high value-added industries, such as petroleum, electrical and electronics, transport equipment, metal products and precision engineering, and chemical industries.

The development board source said, "Most of the companies in the specialized areas are doing quite well despite the recession, except for machinery."

To lure sophisticated technology, the government is offering low-cost loans and tax in-

centives. Each company is treated different depending on its "desirability."

One high government official singled Britain's Beecham group as a good example "desirability" because it brings in "not a capital, but know-how and, most importantly, markets."

The group's pharmaceutical products manufactured in Singapore are aimed mainly at Japan.

Tax incentives are offered to companies qualifying for "pioneer status," which they must be introducing specialized project manufacturing "new and desirable" products. They are allowed a tax exemption on all corporate profits for five to 10 years.

There is also an investment allowance incentive which confers up to 50 percent deduct of investments against taxable income. This equivalent to a 20 percent tax credit on investments.

Then there are training grants which suit

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## SINGAPORE

## Economy Vulnerable to World Recession

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the island state vibrating to the thump of piling equipment for many years to come.

Another successful growth area was in transport and communications, which advanced by 13 percent in the second quarter, faster than in the same period last year. Much of the credit was due to the healthy growth in cargo handling, reflecting the larger throughput of petroleum products.

The financial and business services sector also showed some resiliency, picking up marginally from the first quarter this year. Most of the bank loans went to the building and construction industry.

The general feeling in economic and industrial circles is that Singapore has not yet been too adversely affected by the recession.

Roderick Maclean, executive director of Singapore's international chamber of commerce, said, "There are obviously a lot of long faces

among those dealing with tropical primary products because prices have been sliding for 18 months or more.

"And some of the electronics companies have been affected because they were too dependent on North American and EEC markets.

"But by and large there is no unemployment. There is still a shortage of labor."

Mr. Maclean sees the economy growing about 5 percent for the year, a figure he said most countries would find quite acceptable in ordinary times.

Perhaps the biggest bouquet came from Euromoney, the London financial magazine, which last month ranked Singapore second, behind Saudi Arabia, in a listing of the world's best economies.

It credited Singapore with managing to sustain economic growth with low inflation and a strong currency since the oil crisis of 1973.

—PEARL MARSHALL

Domestic Economic Performance	Percentage Change			
	1981 1980	2nd Qtr 81 2nd Qtr 80	1st Qtr 82 1st Qtr 81	2nd Qtr 82 2nd Qtr 81
Real Gross Domestic Product				
OVERALL ECONOMY	9.9	10.8	7.9	5.7
Manufacturing	10.0	12.6	2.9	-4.7
Trade	5.9	6.0	5.5	3.0
Transport & Communication	12.6	13.2	13.8	13.4
Financial & Business Services	18.0	19.4	12.0	12.7
Construction	17.0	13.3	31.9	38.0

Source: Department of Statistics

## Asiadollar Market: Continued Expansion Seen

SINGAPORE — If Singapore's undisputed financial success is to be boiled down to a single word, it would probably be the word "expansion".

The word "expansion" is in the currency market.

According to the 1981-1982 annual report by the Monetary Authority of Singapore, the pace of activity in the Asian Currency Unit market continued to be lively.

With gross assets and liabilities of the 137 banking units rising \$85.5 billion, a rise of 38 percent over the previous year.

The latest figures show that at the end of July, the market had reached a gross size of \$97.1 billion.

Bankers are predicting that within three years, Asian Currency Unit activity, commonly known as the Asiadollar market, will reach \$200 billion.

A European merchant banker who has watched the expansion of the market since its inception in 1968 said, "The significance is not in the volume, but in the fact of continuing growth."

He estimated that as much as 60 percent to 70 percent of the volume is accounted for by mere inter-bank trading and, according to the monetary authority report, "About three quarters of the increase in the size of the market in

1981 was due to the rise in inter-bank transactions."

The report said that not only was increasing use of Singapore as a funding center responsible, activity was also spurred by arbitrage operations in the United States and consequently in the international finance markets.

For example, the Singapore interbank offered rate for three month U.S. dollar deposits ranged from a high of 20.2 percent to a low of 12.2 percent during the year.

The size of the currency unit activity is still slight when compared to the Eurodollar market, but no one is underestimating its importance for the future.

For that, and more general reasons of growth potential in the region, foreign banks are clamoring to enter and upgrade their presence in the local banking community.

On Shenton Way, the heart of Singapore's financial community, more than 150 institutions sit side by side in anticipation of the day Singapore graduates from a regional financial center to an international one.

While there are 13 local banks, there are 99 foreign banks represented in one form or another. This is fewer than in Hong Kong, and Singapore's banking community is more heavily structured with local banks, fully-licensed foreign banks, restricted-licence banks, offshore banks, merchant banks and finance companies allotted to separate spheres.

These banks compete with Singapore's "Big Four" leading commercial banks, and with the Post Office Savings Bank, which has the advantage of offering tax-free interest to depositors.

Because of this concession, and because it pays low interest rates, which is a major concession to its main user, the government, the post office bank has grown the most rapidly of the local banks. Within the commercial sector, the fastest growing bank has been the government-controlled Development Bank of Singapore.

Last year, the development bank's assets grew by 44 percent to more than \$4 billion, surpassing both United Overseas Bank and Overseas Chinese Banking Corporation, who have both been on the list of the world's top 500 banks since 1979.

The fourth local bank of the "Big Four" is the Overseas Union Bank, which is about a third smaller than the other three.

Both United Overseas Bank and the Development Bank of Singapore have shown impressive results over the last few years by adopting American-style management techniques, and diversifying power in the internal structure, something fairly new for Chinese banks with a tradition of one strong executive.

By contrast, Overseas Chinese Banking Corporation has not followed their example of actively participating in international syndicates and floating rate note issues, and has slipped from its dominant position held until the 1970s to number three. Its conservatism is attributed to chairman Tan Chin Tuan whose management techniques and policies are traditional in style.

## More Flexibility Sought

The international banks would like to see greater flexibility in the banking structure allowed by the monetary authority. Their activity is also constricted by the shallow skills pool, particularly in the use of computers and foreign exchange dealing.

In order to have the best of both worlds, a few foreign banks have entered joint ventures with local banks. Two examples of this are the United Overseas Bank venture with Citicorp, and the Overseas Chinese Banking Corporation venture with the Schroeder Group.

Meanwhile dozens of offshore banks are knocking at the door of the monetary authority seeking to expand their activities. Most are subject to a lending limit of 30 million Singapore dollars, but a few have negotiated a higher limit, although an authority official declined to say how many.

He said, "These things are determined by how much of a contribution the bank has made to Singapore, and of course we take com-



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pliance with our regulations for granted."

Non-compliance recently hit the local headlines when the authority gave a warning to banks that had evaded reserve requirements by accepting Singapore dollar deposits for placing in their overseas branches.

The authority objected because it ran counter to its policy against internationalization of the Singapore dollar and would lead to loss of monetary control over imported inflation.

This argument confused some merchant bankers who remembered that the same criticism was put forward when the idea of the Asian Currency Unit market was first mooted. The answer at that time was to keep a separate accounting of that activity and the domestic money supply.

The tension between the foreign banks and the local authorities and banks is not helped by a shortage of banking skills, which led to an appeal to the monetary authority by the Association of Banks in Singapore to slow down the entry of new banks.

## Training Emphasized

The association's chairman, Chua Kim Yew, said that without such action, wages would rise out of proportion to expertise, resulting in the lowering of professional banking standards. The authority's response has been to lay more emphasis on training rather than to discourage the arrival of new banks and their desirable expertise.

Another source of tension may be the amount of business available to the foreign banks. Competition is heightening, and a member of the Singapore Merchant Banking Association said that some banks with restricted licenses were finding their level of business too unprofitable to sustain their activity.

The monetary authority's relationship with the foreign banking community had improved somewhat when last year the authority embarked on a partial "self-regulation" policy for financial institutions, and reduced the onerous reporting requirements previously imposed. But the banks are aware that the authority keeps a record of their behavior, and does not look with favor on a bank which has evaded requirements or, for that matter, hires authority staff without its approval.

—DINAH LEE

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## Financial Futures Exchange: Confirmation Of Key Role as a Regional Business Center

By Narayanan Balakrishnan

SINGAPORE — It is the stated intention of Singapore to become a "supermarket of financial services" for Southeast Asia. The remarkable growth of its foreign exchange market in recent years and its plans to open a financial futures exchange mean that Singapore is well on the way to achieving that goal.

The growth of the local foreign exchange industry has been the result of government banking and communication policies and the fact that Hong Kong and Singapore are the only two places in the time zone between Tokyo and Europe with open banking policies and good enough communications for international banking.

There are 66 offshore banks in Singapore now, most of them specializing in Asiadollar and foreign exchange.

The government-owned Telecommunications Authority of Singapore lowered the telex rates considerably this year in another move to encourage the growth of the financial sector.

And the growth has been impressive. Business and financial services grew by 18 percent last year, the fastest growing sector of

the economy. This year the growth has been around 12 percent. From 16 percent of the gross domestic product in 1979, the sector had grown to 27 percent in 1981.

The current daily turnover in the Singapore foreign exchange market is estimated to be in the region of \$8 billion to \$9 billion, about five times the volume in 1977. Some bankers say the volume is higher than that of Hong Kong's but it is a claim that is difficult to verify, as Hong Kong does not keep statistics of its trading volume.

The president of the Singapore Foreign Exchange Dealers Club, C. Mukundan of Banca Commerciale Italiana, said, however, that although the volume in Hong Kong and Singapore is "about the same," Singapore would come out on top if Asiadollar deposits were taken into account.

The trading has increased enough in Singapore for the banks to have pressed for and got a large reduction in brokerage fees from the money brokers beginning in September. Depending on volume of business, the banks were able to obtain cuts ranging from 20 percent to 60 percent, though a settle-

ment came about only after a partial boycott of brokers by the big banks that lasted three weeks.

The success has not been without its problems. There is a chronic shortage of experienced foreign exchange dealers in Singapore and it looks like the problem is here to stay for at least the next few years.

It is estimated that at least another 40 experienced dealers are needed. Five years of experience in dealing is considered a prerequisite before being appointed to senior levels, but the industry has not been around long enough in Singapore to have given rise to people of that caliber in any numbers. Statistics show that 55 percent of the 546 dealers in Singapore have less than three years' dealing experience.

One solution is to recruit expatriate dealers and 91 of them are already working in Singapore. But the shortage is worldwide and only the training of locals can solve the problem in the long run.

The Institute of Banking and Finance plans to offer a 12 month training program soon and will be making a modest start with a three month training program beginning this October.

The tight labor market has led to serious job hopping problems

and the Monetary Authority of Singapore has been advising the new banks and banks with expansion plans to recruit from abroad.

Singapore is also preparing to enter the fastest growing financial industry in the world, financial futures, so far almost completely dominated by the two exchanges in Chicago. A London financial futures exchange opened in September and Hong Kong is planning one for next year.

Financial futures is a risky business and even the New York Futures Exchange, located in the financial hub of the world and owned by the New York Stock Exchange, has not been able to break the dominance of Chicago. The New York exchange was forced to sign a link-up with the Chicago Board of Trade's financial futures exchange last year.

Such considerations were no doubt in the mind of the Singapore Financial Futures Working Party when it signed a letter of intent to link up with the other Chicago exchange, the International Monetary Market.

Beverly Spilane, the executive vice president of the International Monetary Market, has been appointed to conduct a four month feasibility study beginning in October on a link-up. If it happens, Singapore, the newest financial futures exchange in the world, will have the enviable position of starting with the backing of the oldest financial futures exchange in the world. If everything moves smoothly, the Singapore exchange is likely to open sometime in late 1983.

Roger Lawson of Continental Illinois Bank in Singapore is the chairman of the working party on financial futures and with his Chicago connections has been instrumental in securing the link.

He said that, in addition to the development of a futures market during Singapore business hours, the feasibility study will also look into the possibility of creating an evening trading session to coincide with Chicago hours.

The consulting firm Booz, Allen and Hamilton is currently conducting a study on the telecommunications needs between Singapore and Chicago.

The working party is yet to announce officially what are the contracts that the new futures exchange in Singapore will be trading but sources say that it is likely to be the following: 90-Day Asiadollar contract, a contract each in the Yen and Deutsche mark, and a Singapore dollar contract.

The monetary authority of Singapore is said to have reservations about "internationalizing" Singapore's currency and that contract may therefore encounter some problems in getting approval.

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# SINGAPORE

## Goh Keng Swee: Clear Policy Ideas, Tight Rein

SINGAPORE — The deputy prime minister, Goh Keng Swee, is known to fellow Singaporeans as "the father of Singapore's modern economy," but was recently described by a foreign financial publication as, "some sort of story-book potentate."

Whatever one's interpretation of Mr. Goh's close and conservative supervision of Singapore's central bank-like Monetary Authority of Singapore, and its investment arm, the Government of Singapore Investment Corporation, Mr. Goh's recipe for success is clear.

The ingredients are: an emphasis on a strong exchange rate over interest and money supply growth, a large surplus of reserves for the monetary authority and the investment corporation for fleet management and long-term investment, and a tight rein on the employees of both bodies over their contact with the rest of the financial community and particularly the press.

While Western countries cry "deficit," the monetary authority recently reported shifting 3.5 billion Singapore dollars of their gold and foreign exchange reserves to the investment corporation fund for international investment, leaving the monetary authority with total assets of about 12 billion Singapore dollars.

Meanwhile, the investment corporation already has funds estimated officially at 15.5 billion Singapore dollars but, depending on the valuation of the assets, possibly reaching 40 billion dollars. In the same report, monetary authority officers reiterated Mr. Goh's policies of leaving interest and money supply largely secondary to the maintenance of a strong Singapore dollar and a reduced monetary authority presence in the public's money market.

In a rare interview on the subject with the government-supervised English-language daily, The Straits Times, Mr. Goh said, "Nobody in the MAS bothers if M1, M2, M3 or MZ is going up or down."

"We're in this happy position because the government's financial and economic policies have been successful."

Mr. Goh himself is in a happy position since his poorly disguised purge in January 1981 of the then-managing director of the monetary authority, Michael Wong Pakshong. Mr. Wong, a widely respected banker with 10 years' experience of central banking in Singapore, was known to clash with Mr. Goh's views.

His approach to the promotion of Singapore as a financial supermarket of services was more aggressive than Mr. Goh liked.

Unlike Mr. Goh, he favored a merger of the monetary authority, which performs most central banking functions, with the separate body that issues the Singapore currency. He was accused by Mr. Goh of running the authority's reserves under too short-term policies, and of managing foreign currency too conservatively.

### Report Forced Resignation

A handpicked team of youthful investigators produced a report that in effect forced Mr. Wong's resignation.

When Mr. Wong resigned, the authority saw a lemming-like exodus of about one third of its 180 staff, including the head of the international department and other key executives.

While Mr. Goh had argued that the authority was over-staffed, the eagerness of many to leave with Mr. Wong was reportedly a surprise to Mr. Goh, who was left with a thin staff of inexperienced civil servants lacking in real banking knowledge. Mr. Goh, who had taken up the chairmanship of the authority the previous August, was forced to recall many of the departed without whom the authority could not function.

That was almost two years ago, and since then diving developments outside the walls of the monetary authority and Mr. Goh's own baby, the investment corporation, born only last year, has been something of a sport for financial journalists.

Foreign advisers, among them consultants from N.M. Rothschild and Sons, are equally mum, fearful of Mr. Goh's anger over previous leaks.

Monetary authority officials have admitted that their inaccessibility is exacerbating a bad situation.

### Authority 'Misunderstood'

According to one executive, a lot of misunderstanding exists about the role of the authority which, because of a high degree of liquidity shifting to government coffers, must intervene regularly to maintain economic equilibrium.

It has traditionally balanced money supply by leading directly to the banking system, intervening in the foreign exchange market, discounting export bills as a way of concessional financing, or making U.S. dollar/Singapore dollar swaps. Only recently has it decided to take a less interventionist role, reducing the cumbersome paperwork it has required of foreign banks, and loosening a few restrictions in financial requirements.

Their policy has worked overall, witness the huge reserves built up over the years, but recently the growing emphasis on a strong exchange rate has resulted in a widening fluctuation of the money supply. Also, the recent impact of the international recession on Singapore's trade statistics has dented Singapore's commercial hubris, and led to complaints from local manufacturers that the strong dollar policy is cutting into export figures.

### Banks Warned

Half year figures for this year were worse than expected. Export growth rates dropped in volume from 7.4 percent to 3.4 percent. The monetary authority retort to manufacturers is that Singaporean production has a high import content, and that in the sense that component and production machinery from overseas is cheaper, the exchange rate has a neutralizing effect.

Behind the scenes, the authority is negotiating with the Ministry of Trade and Industry to arrive at some workable balance in the exchange rate policy.

Bankers are as displeased with the authority as traders, now that competition has made life more difficult. For example, Mr. Goh's adamancy against the internationalization of the Singapore dollar is unpopular and reserve requirements on Singapore dollars have led to evasion by many foreign banks.

In September, the authority issued a "stern warning" to offshore banks who exploit a loophole in exchange controls

enabling them to accept Singapore dollar deposits without subjecting them to reserve requirements.

Bankers reply that understanding the policies of the authority and establishing contact with it is as hard for them as for journalists. They mourn the imminent departure of the deputy manager, Lim Ho Kee, and the manager of the banking and institutional department, Heng Chiang Meng, both on loan from commercial banks.

A leading merchant banker said, "When they go, we won't have the slightest idea whom to contact."

Occasionally one hears of a junior staffer in the authority posing his queries for confidential information to a senior foreign banker in terms that resemble more a threat than a question, something that makes an offshore bank anxious for a restricted license very nervous.

When asked about these problems, an authority official said, "The extent of the banks' cooperation depends on how the questions are asked and who asks them."

"The interface may need to be smoothed. But we have got to make an evaluation of the person's ability to do his job and get on with it."

Behind this lies a deeper fear that the authority's younger staffers will not retain their regulatory authority if their relations with the relatively small Singaporean financial community become too close.

### Investment Postponed

The investment corporation is also suffering from teething problems. According to Mr. Goh, the corporation has opted for the "do-nothing portfolio" and near total withdrawal of corporation funds from equity markets in Japan and the United States. Plans to purchase property, perhaps in Australia or the United States, have been put on hold, and the corporation's funds are mostly in liquid assets, waiting out the current recession.

Things may change when the corporation acquires a new managing director, Richard Hu, next year, replacing the unaggressive Yung Pung How.

One stockbroker commented that he hoped Mr. Hu would apply his management skills, honed as chairman and chief executive at the Shell companies in Singapore, to sort out what he called the misappropriation of personnel within the corporation.

He said, "You train them for months on secondment to deal in equities, and a month after returning to the corporation, they're assigned to gold."

Complaints from outsiders are numerous, but more of a clue to real troubles was the response from a monetary authority official when asked what he felt the true concerns were: "Ensuring that we remain relevant to the economy... achieving a symbiotic relationship with the Ministry of Finance and the Ministry of Trade and Industry, understanding the nature of our surplus in order to fashion the investment policy."

Clearly the monetary authority is worried about more than poor press relations.

—DINAH LEE



THE FINANCIAL CENTER: New office buildings crowd the skyline of central Singapore's financial and banking center.

## Regional Financial Services Role: Government Opts for Less Growth

(Continued from Page 95)

concessions like the abolition of estate duty on gold deposits, and the scrapping of the stamp duty on Asian currency loan agreements.

The message was clear: for the moment Singapore was to remain more a specialty delicatessen than a supermarket.

While specific areas of financial activity remained lively, observers could detect what one called "a loss of heart" in the supermarket concept.

Figures for the first half of this year for the financial and business services sector, still the fastest growing area of the economy overall, showed a growth of 12.3 percent, compared to 18.8 percent for the first six months of last year.

Part of the pause in the expansion of the financial sector was due to the impact of the international recession which had finally made itself felt in the last six months.

But even before Singapore's vulnerability to Western stagnation was in evidence, bankers were pointing to the dismissal in January 1981 of Michael Wong Pakshong from his post as chief of the monetary authority as a sign of shifting priorities at the top.

Mr. Wong was known for his pioneering attitudes toward Singapore's growth in financial services, and while no one can point to examples of the government actively hindering progress toward the supermarket model, official support seems more selective and less experimental than before.

As a touchstone for its success on an international scale, Singapore can always look at Hong Kong. In many ways, the British colony of over five million seems the antithesis of its smaller island challenger of 2.4 million. Both have predominantly Chinese populations, but Hong Kong is adventuresome and even seedy, while Singapore is prudish and manicured.

The Hong Kong government style is often scribbled as "laissez-faire," while Singapore's government regulation of the financial sector is rigorous thorough.

Hong Kong has a head start as a "booking center" particularly as a leader in loan syndication with a large community of international "players." Singapore has boasted the rapid development of Asian currency market, making it a leading regional funding center.

Another factor is Hong Kong's move last spring to threaten Singapore's top spot in the Asian currency market by finally lifting its 15 percent withholding tax on interest paid on foreign currency deposits. Singapore's willingness to do so in 1968 was largely responsible for the rapid rise of the Asian Currency Unit market here, and Singapore's development a regional funding base.

### Singapore More Experienced

Singapore's current hopes to retain its lead in increased competition from Hong Kong are based on its longer experience in the Asian currency market, its strong infrastructure for ACU act and its official support from the monetary authority. Singapore is aware that merely retaining its role as a funding center is not enough and attempts have been made to strengthen the market for financial instruments ranging from Asian dollar bonds and gapore floating rate certificates of deposit to gold insurance.

This year, the monetary authority permits finance companies to include certificates of deposit and commercial letters of credit in the liquid requirement stipulated by the monetary authority. The move had been suggested a decade ago, and seen as one of a few belated moves toward financial liberalization by the authority.

## Expected Decline in National Growth Rate Causes Concern

(Continued from Page 95)

dustry. Instead of making cheap radios and garments, Singapore set its sights on such items as aircraft engines and computers. U.S. aerospace firms, such as Sundstrand Corp. and Garrett Corp., have responded to the challenge and set up manufacturing units. Other well known international corporations are producing computer sub-assemblies, pharmaceuticals, opt-

tical equipment and medical disposables.

Singapore is now in the fourth year of what many refer to as a "second revolution," its attempt to pull the economy up from cheap labor to high technology. To restructure, it instigated three years of high wage increases in an attempt to force employers to streamline their labor forces and operate efficiently.

Those companies not prepared

to mechanize and automate are being driven out by cost considerations to other countries in the region.

Now that the revolution is meeting with some success, the wage rates have been stabilized.

To ensure this, the government is encouraging a return to normal collective wage bargaining, rather than the employers, unions and even the industrial arbitration court following the National Wage Council's wage increase guidelines

as they have consistently done in the past.

Singapore's so-called second revolution also called for revamping the educational and training facilities to upgrade the standards of education. Intake at the university and polytechnic level has almost quadrupled, while at the lower levels, expansion continues of the industrial training facilities for operatives, skilled craftsmen and technicians.

Singapore's aim is to wean itself away from dependence on foreign workers in the manufacturing field by 1984 and in all sectors apart from construction and the shipyards by 1992. Mr. Lee said recently that he might allow a small number, about 5 percent, to remain in certain sectors to act as "pacesetters" because foreign workers in the main tended to work harder than Singaporeans.

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# SINGAPORE

## Government Planners See State's Future as Region's 'Brain Center'

By David Watts

SINGAPORE — From being a center of low-cost labor, Singapore is moving quickly to establish itself as the "brains" of South Asia.

Recognition of the need to develop the economy up-market, the government has completed a program of annual wage increases of 5 percent in the hope of attracting higher value-added industries to the republic while forcing out less-intensive firms that are not able to compete with neighboring Malaysia and Indonesia.

With its lack of natural resources and small work force, the Singapore government recognizes that it must move as fast as possible to develop the knowledge industries of the future if it is to retain a competitive edge and enhance its standard of living.

Singapore aims to be the regional center in banking, finance, medicine and engineering and other ancillary services. Allied to that is an equally important task of making Singapore into a center of computer skills, from training and programming to the manufacturing of computers, spare parts and design of software.

Typical Singapore style a goal has been set: to catch up with the present level of computer diffusion and machines per capita in Japan by the year 1990. This involves bringing home to citizens that from now on computer going to become important in their lives and, in some cases, part of the family.

A campaign started last year the inauguration of the National Computer Board, which recommended that a pool of computer professionals be built up and computerization of the civil service be accelerated.

One of its key ideas is to grant loans to senior civil servants to enable them to buy microcomputers for use at home, reasoning that familiarizing senior bureaucrats with computers will have an influence on their introduction and application.

It is planned to equip 10 ministries with 100 million Singapore dollars worth of equipment over three to five years.

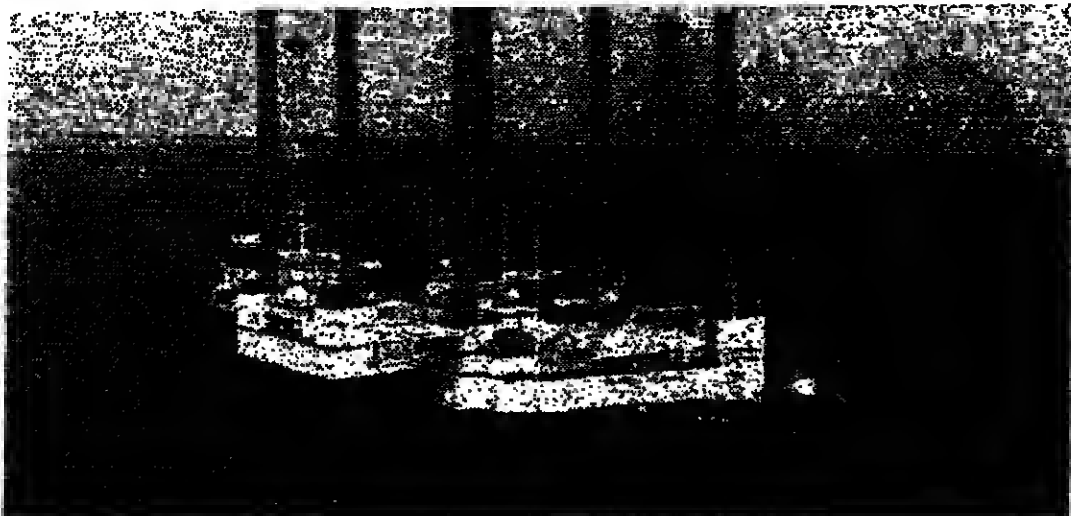
At the opposite end of the scale the government is moving, through the schools, the national trades union council and local community associations, to introduce Singaporeans to computers, giving them the opportunity to take either short-term or full scale computer courses leading to careers in the industry.

Government grants and loans are available for companies and individuals wanting to improve their computer skills.

By 1985 it is planned to have an average of three microcomputers for each of the 171 secondary schools and to have four teachers trained in basic computer sciences at each secondary school by the following year.

Computer clubs are being established at housing and development board estates so that parents and youngsters can attend computer courses in the evenings. There has been an enthusiastic response.

There are now about 1,200 computer professionals in Singapore.



U.S.-BOUND: Two Bethlehem Steel JU-200 MC jack-up rigs made in Singapore on their way to the United States.

of various levels of competence, and the government plans to train new entrants to meet an estimated demand of 7,800 by 1990.

The biggest supply is to come from training facilities set up as joint ventures with foreign governments.

International Business Machines is working with the National University of Singapore on a training institute that will produce 200 graduates a year. The Japan-Singapore Institute of Software Technology has taken in a first class of students for a two-year program under a five-year agreement with the Japanese government, which has donated eight million Singapore dollars' worth of computer equipment.

International Computers of Britain is to supply equipment and teachers for the third such institute, the Center for Computer Studies at Ngee Ann technical college. The center will eventually have 600 students.

A principal worry of the government over the last few years has been how to achieve targets without slipping below an international

ally acceptable level of competence.

Singapore has made an agreement to adopt the methods and standards of the British Computer Society, so that students qualifying in Singapore examinations will be exempted from British examinations.

Part of the finance for the government's program is to be generated through a levy on employers

of 2 percent of the salaries of all employees earning less than 750 dollars a month. The government calculates that the companies will want to recover some of their money by putting employees into the courses.

The government is also encouraging foreign nationals with computer skills to settle in Singapore, notably those from the subcontinent.

PEARL MARSHALL is a free-lance journalist who specializes in economic and technical reporting.

DINAH LEE is a free-lance journalist based in Singapore who contributes to the Washington Post and other publications.

DAVID WATTS is the Southeast Asia correspondent for the London Times.

NARAYANAN BALAKRISHNAN is a business reporter with the New Nation newspaper in Singapore.

## World Oil Glut Means Sharp Cut In Orders for Offshore Rig Builders

SINGAPORE — With the current oil glut and about 50 to 60 offshore rigs "around the world" stacked waiting for work, it is no wonder the number of new orders Singapore's rig builders received dropped from 16 last year to two this year.

The stacked rigs represent about 10 percent of the total offshore fleet, and the near future looks grim.

Barton Larimore, president of Bethlehem Singapore, a subsidiary of the U.S. Bethlehem Steel, said, "Demand will climb much more slowly than in the past and the amount of new buildings will be spread over a wide spectrum because of the increase in builders worldwide since the second boom got going in 1978."

A total of 21 mobile rigs (jack-ups, semisubmersibles and drillships) were listed under construction in August in Singapore's five yards, Bethlehem Singapore, which had one, Far East-Levittown, five, Marathon, eight, Promet, five, and Robin Shipyard, two.

This compares with about 34 such rigs under construction last year at the same time.

Singapore-based companies faced their highest workload ever in 1981, after a record number of contracts won the previous year. They delivered 15 jack-ups, enabling them to record sales of 790 million Singapore dollars.

Singapore Passed Despite this busy pace, however, Singapore was displaced as the second largest rig-building nation, by Japan, which secured several orders for semi-submersibles.

Singapore's share of the market can be gauged from the fact that in September 1981 it was building five of the 51 semisubmersibles un-

der construction worldwide, 28 of the 160 jack-ups and one of the six drillships.

In September 1982 its share was five of the 50 semisubmersibles, 13 of the 74 jack-ups and two of the nine drillships, with one additional mobile rig of unspecified category.

In addition to this, Far East-Levittown repaired the new Maersk Valiant for owner Maersk Drilling of Denmark. The rig, built by a Japanese yard, encountered problems in December during operation and its damaged leg sections had to be repaired.

Far East-Levittown was able to hold more than a 30 percent share of the rig market in Singapore in 1981 in terms of contract value.

On the delivery side, Robin Shipyard was able to start in mid-September transferring the 84-mil-

lions of dollars worth of rigs to the Singapore yards before, including two from Robin Shipyard and one from Bethlehem Singapore in the late 1970s, its preference is increasingly to construct them in its own yards.

Its lack of management and technical know-how in the field is overcome through cooperative arrangements with foreign designers and consultants.

The Chinese eventually hope to become the principal suppliers of drilling rigs and support services to the Western firms entering into partnership with them to explore and develop areas designated by Beijing.

An informed industry source said, "There is no question the Chinese want their own supply bases, their own supply boats and

Although the offshore rig business has been hit hard, the market is still reasonably buoyant for supply vessels. . . As China's offshore exploration and development starts to warm up, a number of Singapore-based companies hope to be able to supply more equipment and services.

tion-Singapore-dollar jack-up Sagar Shakti to India's Oil and Natural Gas Commission. Its last remaining 110 million Singapore dollars jack-up is expected to be completed for the same company early next year.

Although the offshore rig business has been hit hard, the market is still reasonably buoyant for supply vessels. Singapore Slipway and Engineering and GUL Engineering, both Singapore shipbuilding companies, have major orders.

Singapore-based firms are also looking in the direction of India, which has reportedly tendered for more than 30 tug boats and supply vessels.

As China's offshore exploration and development starts to warm up, a number of Singapore-based companies hope to be able to supply more equipment and services.

The typical contract envisaged is similar to the \$50-million contract that the Singapore subsidiary of U.S. Baker Marine won to supply equipment and personnel for two jack-ups at China's Dalian shipyard, which were commissioned in September. Singapore-based companies reportedly are supporting

their own pipe, machinery and equipment inventories if they can possibly get them.

"They've already told the people in Hong Kong that they will not plan for Hong Kong on a long-range basis to supply the Chinese offshore fleet."

But as experience has proven, the Chinese might not be able to become self-sufficient as fast as they wish, and determining the size of the future market for equipment and services is very much a guessing game for Western companies.

In the meantime, Singapore argues convincingly that with its five jack-up yards and 20 to 30 other yards capable of doing repair work, it is a good base for those who wish to assist in future regional oil and gas exploration and development.

Oil exploration activity in the region, like the rest of the world, has quietened.

The established companies are using most of the rigs available so there are few stacked, but there is little hope of a renewed impetus to open up new areas or hire new rigs until oil demand starts picking up again.

— PEARL MARSHALL

## Foreign Firms Respond to Bid for a Bigger Share of World Market

(Continued from Page 95)

part of companies' expenses sending employees back to par-companies for plant training, par-companies can also obtain skilled labor straight from government-training institutes by making a case payment. This amounts to a fraction of overall training costs.

Low Interest Financing The Singapore government's financial assistance scheme allows companies financing at reduced interest rates for part of building and machinery. To date, companies have to be in a

priority industry and producing something which brings a major advance to that industry.

Though companies are producing semiconductors in Singapore on a large scale, for instance, no company is yet producing wafers. So the board is providing this type of financing to two companies bringing in wafer diffusion projects.

Other more minor incentives include: exemption of tax on foreign loans, exemption of tax on royalty payments and low-rate finance to small companies under the small-industry finance scheme.

To stimulate research and development activity, the government last year started financing directed research by private firms working on joint projects with public sector organizations.

Norway's E.B. Communications, for instance, is jointly developing an integrated telemetering, alarm and telecontrol system with the telecommunication authority of Singapore.

Singapore sees an increasing need to diversify into advanced services like engineering design, surveying, computer software and banking and finance, as more of

the large multinationals start operating in the Association of South-east Asian Nations, ASEAN, and the Pacific Basin, including China.

Growing ASEAN enterprises, particularly oil companies like Indonesia's national oil company Pertamina, are also natural customers.

P.Y. Hwang, the development board chairman, said, "They can go to New York for their sophisticated financial services. They can go to London."

"But if there are facilities set up in the region, and if Singapore can produce a faster and more efficient

service, we will be convenient because of our closeness."

One of the service areas the government would like to foster more is plant design and maintenance. The board had a "quick look around" recently at companies like Brown and Root, Matthew Hall, John Brown and Chiyoda.

### Form of Presence

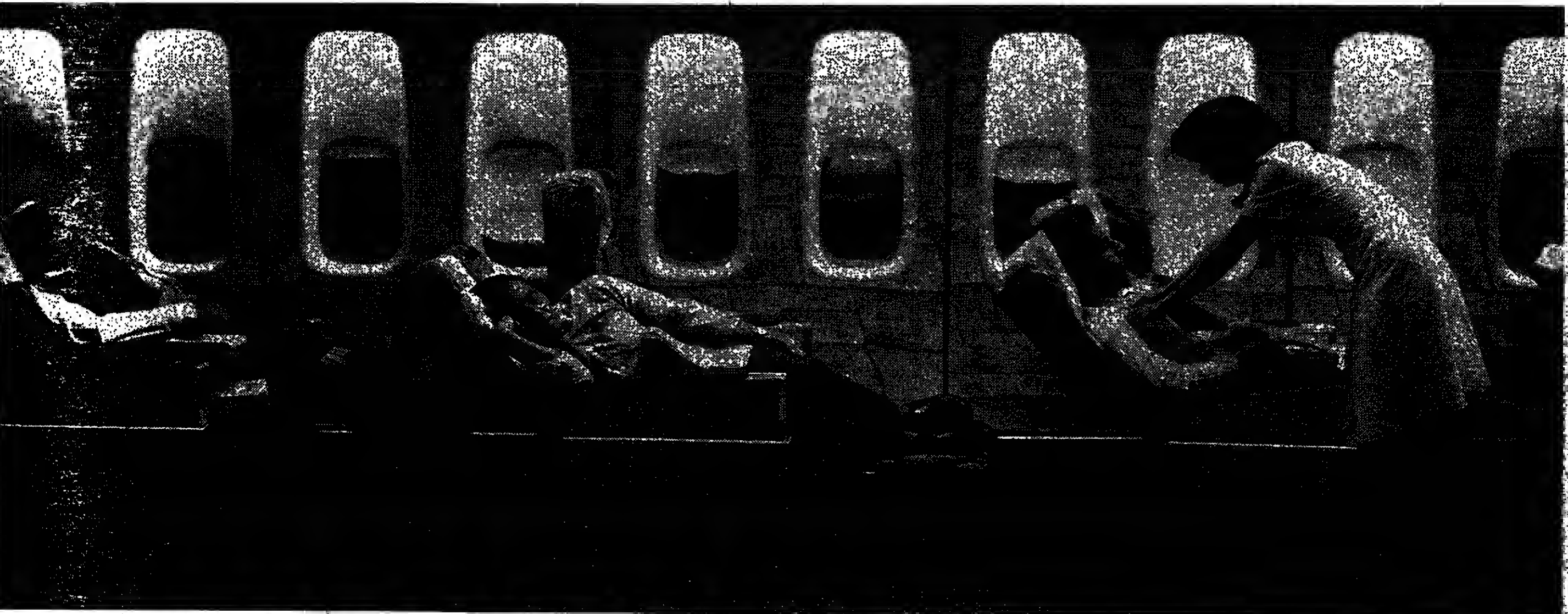
It found that more than half the major firms in the business had some form of presence in Singapore, often a regional office looking after sales. Some had started design facilities.

The board sees a lot of processing of natural resources moving to the locations where the resources are found.

Refineries, chemical plants, palm oil mills, and timber processing plants will increasingly be set up as joint ventures with Indonesia and Malaysia, for instance, instead of being located in the West as in the past.

Mr. Hwang said, "This will increase the demand for machinery as well as design services for these plants, and we think that Singapore can play a key role."

— PEARL MARSHALL



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\$75	7-1000 Reservoir P-Ce	18/12	18	Nov	25	25.14			54.25						
\$75	Molloy-Perseus Ltd	18/12	18	Nov	25	25.14			54.25						
\$80	Domin Petroleum Ltd	15/12	17	May	60	24.25			22.50						
\$80	Donnas Petroleum Ltd	18	14	Jul	51	21.43	23.18								
\$75	Meadco	13/12	17	Nov	25	25.14			54.25						
\$75	Genstar	17/12	18	Nov	25	25.14			54.25						
\$75	Panner	17/12	18	Nov	25	25.14			54.25						
\$75	Mervey	17/12	18	Nov	25	25.14			54.25						
CHS 75	Prav Of Quebec	18	17	Oct	21	13.25			16.89						
CHS 70	Raymond Inc	17/14	14	Dec	14	13.71			14.92						
CHS 70	Stromberg-Sears Assoc	15/14	15	Apr	18	14.24			14.92						
CHS 76	Canadian Imperial Bk	15/24	17	Jan	19	14.09			13.71						

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# Banks Object to Wording of French Loan Accord

By Carl Gewirtz

PARIS — A number of U.S. and West German banks that have agreed in principle to underwrite \$100 million of France's \$4-billion Eurocredit are objecting to the wording of the loan agreement proposed by the French Treasury.

"There's a lot of arguing about technicalities," acknowledged a government official, who dis-

## SYNDICATED LOANS

missed rumblings about a mass pullout as a mere bargaining chip by bankers trying to force acceptance of their conditions.

But a number of bankers insist that they will have to reassess their underwriting commitments if the government fails to give them the wording they want. There is no way to determine whether bankers are merely rattling sabers or really would pull out of the loan at the last minute and risk the lasting hostility of the government.

What irks bankers is not a fear of imminent financial crisis in France but rather the precedent it could set for other sovereign borrowers to seek loosely worded loan agreements.

## Not Necessarily a Threat

The dispute does not necessarily threaten the French loan. The 16 banks in this group are not unanimous in warning they would feel forced to withdraw if their demands are not met. Even if all did pull out, the loan could still comfortably go forward, as 55 banks have agreed to underwrite it. These commitments total \$5.7 billion.

The government, which wants the money to bolster its reserves to defend the franc on the foreign exchange market, has chosen to keep the loan's size unchanged — meaning that the oversubscription would be used to reduce the amount of the loan each bank takes.

If some banks drop out, the oversubscription could be used to fill the gap.

The dispute concerns clauses that bankers consider standard in Eurocredit loan agreements but that are not contained in the draft French document. The French note that the contested clauses were not contained in the previous Eurocredit loan for France, syndicated in 1974, and were also absent in the French guarantee for a \$275-million loan syndicated in April for Caisse Nationale des Télécommunications.

The French also maintain that while the clauses serve a valid function in protecting lenders in a loan signed by a corporate entity, they make no sense in a loan for a sovereign state — a point some bankers challenge.

## Missing Clauses

The missing clauses are the pari passu negative pledge clause and the cross default clause. The first is a statement that the loan shall not be subordinate to any other loan in terms of payment or security and that no future loan will be better secured unless such security is extended to this loan. This means, for example, that France could not raise a loan using its gold board as collateral unless it backed the other loan with gold.

The cross default clause would make this loan immediately payable if France defaulted on any other loan or declared a moratorium on payments of interest and

## Loan by IMF to Kenya Said to Be Suspended

Reuters

WASHINGTON — The International Monetary Fund has suspended a one-year loan to Kenya because the country has been unable to meet economic performance requirements, monetary sources said Friday.

The loan of 151.5 million Special Drawing Rights (\$141 million) was approved in January, and Kenya already has drawn 90 million SDRs. The sources said that an IMF mission will arrive in Nairobi this week to assess the situation.

principal. What worries bankers is that without such a clause France could declare a moratorium on loan payments and still be able to draw on the loan.

There is also no automatic default clause in the proposed language. If France failed to meet its payments schedule, the agent bank, 15 days later, would be authorized to poll the syndicate for a declaration of default. Two-thirds of the lenders would have to agree to call a default. Foreign bankers say they want this reduced to 50 percent, as the nine national and French banks participating in the loan equal half the number needed to block such a declaration under the two-thirds rule.

Also missing from the proposed contract is the waiver of sovereign immunity whereby the government declares its willingness to be sued in court for nonperformance. This currently appears to be the only issue on which France is willing to give ground, and the clause is expected to be included in the loan contract.

## Comparisons With 1974 Rejected

Bankers reject comparisons with the 1974 loan contract. Just as the financial terms are different, they say, so should the legal terms differ. "The market has evolved since then," the circumstances are no longer the same," says one banker. In addition, he notes, this loan is considerably larger than the \$1.5 billion raised in 1974. More important, the new loan will used — the government is committed to drawing at least one-third of it — whereas the 1974 credit was out.

Bankers also reject the government's comparison with the documentation for CNT because of the much smaller size of that loan. They also insist that just as France is attempting to use that example as a justification for its present stand, other governments will use the French example to exact similar concessions if France gets its way.

Elsewhere, Indonesia has mandated four banks to arrange a \$250-million, 10-year loan at a 4 1/2 percent over the London interbank offered rate. The margin and maturity are identical to earlier loans, but the amount is smaller — the only concession Indonesia has had to make to the change in conditions since it last tapped the market, in March.

Managers dismiss reports that the terms represent a commitment they had made before lending conditions generally began to tighten. Explaining why Indonesia is paying a margin of 1/2 percent, compared with the 1/4 percent demanded of France, one manager says: "We did it with our eyes open. Call it a statement of our belief where the market is for Indonesia and a reflection of our ongoing relations with the country."

## No Wide Syndication

Whatever more lucrative business the managers hope to win in the future, they will not attempt a wide syndication. Japanese banks, with Bank of Tokyo acting as agent for the loan, will take 50 per-

cent of the loan. The remainder will be offered to a small group.

In addition, a group of Mideast banks is reported to be planning to underwrite \$75 million of floating rate notes for Indonesia.

The Korean Development Bank, seeking \$500 million, is said to have postponed plans to tap the market until the Indonesian loan is completed in the hope that a successful syndication will enable it to bargain for better terms.

Thailand, which last March paid a split 3/4-1/2 point over Libor for 10-year money, is reported to be sounding out the market for terms on a new \$200-million loan.

In Latin America, bankers say they are discussing the possibility of raising a jumbo short-term loan for Argentina but that there are formidable conditions to overcome. Among these are an Argentine settlement of its arrears with British banks and an agreement to borrow from the International Monetary Fund, which implies agreement to meet IMF conditions.

Bankers say they are studying Venezuela's request to convert \$8.8 billion of short-term state agency debt into longer-term loans with maturities of three, five or seven years. Venezuela is also offering to guarantee these longer-term loans. While terms have not yet been spelled out, bankers believe Venezuela will have to pay a margin of 1 point over Libor for three-year money, 1 1/4 for five years and 1 1/2 for seven years.

Chile's copper corporation, CODELCO, has begun negotiations for a "club" loan of \$300 million, bankers report. Meanwhile, an IMF mission arrived in Chile last week to negotiate a loan of \$860 million, including a standby credit of \$450 million.

Hungary is reported to be well on the track to arranging a loan agreement with the IMF, and in the interim has asked the Bank for International Settlements in Basel to provide a further \$300 million in short-term financing. The request is likely to be granted.

Yugoslavia's request — \$500 million for three years — is for longer than the BIS usually provides, but central bankers note there is strong support and sympathy for Yugoslavia.

Zaire is again moving to the limelight as a trouble spot. The

## Trade Panel to Study Hong Kong Complaint

Reuters

GENEVA — An arbitration panel is to investigate a complaint by Hong Kong against France for trade restrictions on quartz watches, toys, telescopes, sporting goods and clothing, a spokesman for the General Agreement on Tariffs and Trade said Friday.

The complaint against France was filed by Britain on behalf of Hong Kong and was supported by the United States, Japan, Canada, Hungary, India, South Korea, Singapore and Pakistan.

## Singapore Official Fears Poor Lands Can't Repay Debts

Reuters

UNITED NATIONS, New York — Singapore's foreign minister, S. Dhanabalan, has warned that Third World countries may never be able to repay or even service their huge foreign debts.

In a speech to the UN General Assembly Friday, he estimated the total debt of the Third World at \$500 billion.

"The default of even a proportion of the massive debts that have been accumulated could trigger a total collapse of the global financial system, which would, in turn, lead to a deep global depression," he said. "It is inconceivable to me how this debt can be repaid or even serviced."

Mr. Dhanabalan blamed the debt problem on high energy costs, recession in the major industrial countries and depressed prices for primary commodities produced in the Third World.

"Squeezed between high costs and falling incomes, these poor countries have had to resort to massive borrowing for consumption and not for investment," he said.

## U.S. to Allow Bankers To Form Export Firm

New York Times Service

WASHINGTON — The way appears clear for enactment of a law allowing bank holding companies to create companies that would sell a broad range of export services.

The Senate approved a compromise version of the bill Friday, and the House followed suit early Saturday. President Reagan was regarded as certain to sign it into law.

The bill would permit banks to make their substantial capital available for the expansion of export services in an effort to make the United States a more effective competitor in world markets.

Congressional aides say that although Japanese trading companies have been portrayed as a model for the bill, the legislation denies the banks authority for the kind of far-reaching interlocks among finance, trade services, manufacturing and agriculture that are common in Japan.

Large banks in New York and elsewhere supported the bill and have expressed interest in forming export-service companies, in some cases as joint ventures of two or more banks. However, Gary M.

Welsh, Washington counsel for the Bankers Association for Foreign Trade, said the interest of export banks may have cooled during several years that the bill has been before Congress.

In New York, Chase Manhattan Bank, which has actively supported the legislation, was noncommittal about whether it would set up a trading company.

Congressional aides said that port trading companies typically have been thinly capitalized, focus specializing in one or two export services, such as insurance, ocean shipping, finance, license or market research and development. "Most of these companies tended to be run by one or two entrepreneurs who are big skilled but have a narrow range perhaps one product or one territory," a Senate aide explained. "They were not really equipped to take on new lines of product or new markets."

Large banks active overseas said to have wide export experience, but they have been barred from offering their services by intended to keep banks out of manufacturing and commerce.

## Treasury Bills

10-27-1982		Ask	Bid	Yld
10-27-1982	4.95	4.95	4.95	4.75
10-31-1982	4.95	4.95	4.95	4.75
11-4-1982	4.95	4.95	4.95	4.75
11-18-1982	4.95	4.95	4.95	4.75
11-22-1982	4.95	4.95	4.95	4.75
11-26-1982	4.95	4.95	4.95	4.75
12-3-1982	4.95	4.95	4.95	4.75
12-7-1982	4.95	4.95	4.95	4.75
12-11-1982	4.95	4.95	4.95	4.75
12-15-1982	4.95	4.95	4.95	4.75
12-19-1982	4.95	4.95	4.95	4.75
12-23-1982	4.95	4.95	4.95	4.75
12-27-1982	4.95	4.95	4.95	4.75
1-10-1983	4.95	4.95	4.95	4.75
1-14-1983	4.95	4.95	4.95	4.75
1-18-1983	4.95	4.95	4.95	4.75
1-22-1983	4.95	4.95	4.95	4.75
1-26-1983	4.95	4.95	4.95	4.75
1-30-1983	4.95	4.95	4.95	4.75
2-3-1983	4.95	4.95	4.95	4.75
2-7-1983	4.95	4.95	4.95	4.75
2-11-1983	4.95	4.95	4.95	4.75
2-15-1983	4.95	4.95	4.95	4.75
2-19-1983	4.95	4.95	4.95	4.75
2-23-1983	4.95	4.95	4.95	4.75
2-27-1983	4.95	4.95	4.95	4.75
3-3-1983	4.95	4.95	4.95	4.75
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4-10-1983	4.95	4.95	4.95	4.75
4-14-1983	4.95	4.95	4.95	4.75
4-18-1983	4.95	4.95	4.95	4.75
4-22-1983	4.95	4.95	4.95	4.75
4-26-1983	4.95	4.95	4.95	4.75
5-10-1983	4.95	4.95	4.95	4.75
5-14-1983	4.95	4.95	4.95	4.75
5-18-1983	4.95	4.95	4.95	4.75
5-22-1983	4.95	4.95	4.95	4.75
5-26-1983	4.95	4.95	4.95	4.75
6-9-1983	4.95	4.95	4.95	4.75
6-13-1983	4.95	4.95	4.95	4.75
6-17-1983	4.95	4.95	4.95	4.75
6-21-1983	4.95	4.95	4.95	4.75
6-25-1983	4.95	4.95	4.95	4.75
7-9-1983	4.95	4.95	4.95	4.75
7-13-1983	4.95	4.95	4.95	4.75
7-17-1983	4.95	4.95	4.95	4.75
7-21-1983	4.95	4.95	4.95	4.75
7-25-1983	4.95	4.95	4.95	4.75
8-8-1983	4.95	4.95	4.95	4.75
8-12-1983	4.95	4.95	4.95	4.75
8-16-1983	4.95	4.95	4.95	4.75
8-20-1983	4.95	4.95	4.95	4.75
8-24-1983	4.95	4.95	4.95	4.75
8-28-1983	4.95	4.95	4.95	4.75
9-1-1983	4.95	4.95	4.95	4.75
9-5-1983	4.95	4.95	4.95	4.75
9-9-1983	4.95	4.95	4.95	4.75
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11-24-1983	4.95	4.95	4.95	4.75
11-28-1983	4.95	4.95	4.95	4.75
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9-28-1984	4.95	4.95	4.95	4.75
10-2-1984	4.95	4.95	4.95	4.75
10-6-1984	4.95	4.95	4.95	4.75
10-10-1984	4.95	4.95	4.95	4.75



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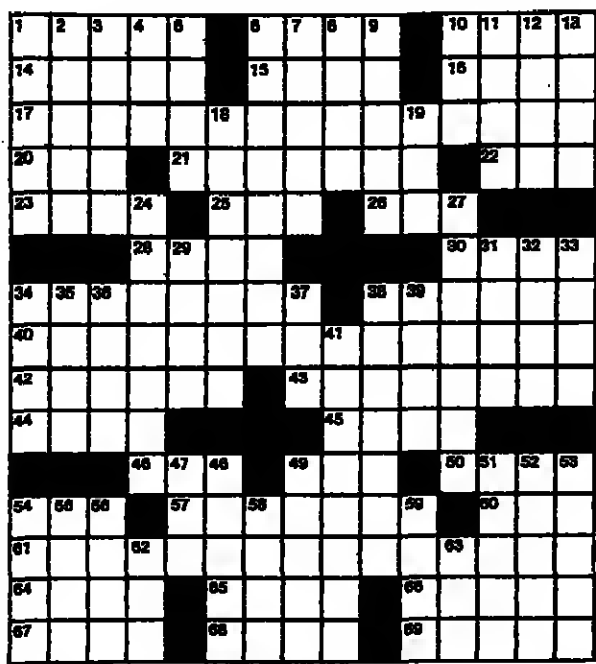
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## CROSSWORD



## ACROSS

- 1 Adult insect  
6 Storage place for a missile  
10 "Money" object  
14 Appointed  
15 Strategic gift  
16 L.O.U.  
17 Amendment I topic  
20 German article  
21 Crude zinc  
22 — volente  
23 Gats  
25 One below it, j.g.  
26 Gumshoe  
28 Window section  
30 Prefix with sphere  
34 Policy of being involved  
38 Rose of —  
40 It starts: "We, the people..."  
42 "The Season," 1927 play  
43 Violent storms  
44 Novelist  
45 Dove's home  
46 W.W.II soldiers
- 49 Throw  
50 Engrossed  
54 Globe  
57 Blemished  
60 Durocher  
61 Amendment XIV topic  
64 Not working  
65 Red color  
66 Discontinue  
67 Welshman  
68 Facilitated  
69 Attuned
- DOWN  
1 Surmise  
2 Singer Lanza  
3 Improve  
4 "My goodness!"  
5 At — (in dispute)  
6 Monitory  
7 False gods  
8 Political position  
9 Beginning  
10 Eliza crossed it  
11 Cast off  
12 Pleasant  
13 Galbe's friend and foe  
18 Opportunity  
19 Opposite of post  
24 Conditment's function
- 27 Gab  
29 English river  
31 Site of Mercyhurst College  
32 Anchor  
33 Posadas  
34 Vapor: Comb. form  
35 Rubie's quid of tobacco  
36 French head  
37 Geog. features  
38 Comedians' foils  
39 Distress  
41 Maddened  
47 A member of the U.N.  
48 Checks  
49 Fragment  
51 Mitigate  
52 "— porridge hot..."  
53 Pulled along  
54 Of a type of poem  
55 Brusque  
56 Liberty symbol  
58 "We'll tak o' kindness yet"  
59 Wharf  
62 Peevish mood  
63 Charge

## WEATHER

	HIGH	LOW		HIGH	LOW		
C	F	C	F	C	F		
ALABAMA	19	14	Cloudy	LOS ANGELES	21	16	Cloudy
ALASKA	17	10	Cloudy	MADRID	23	17	Overcast
AMSTERDAM	17	13	Cloudy	MALTA	23	17	Cloudy
ANKARA	20	14	Cloudy	MEXICO CITY	27	21	Fair
ANTWERP	22	17	Overcast	MIAMI	31	26	Fair
AUCKLAND	14	11	Cloudy	MILAN	19	14	Fair
BANGKOK	33	27	Storm	MONTREAL	16	11	Fair
BIRMINGHAM	17	13	Cloudy	MOSCOW	4	-2	Overcast
BELGRADE	14	10	Overcast	MURKIN	15	11	Overcast
BERLIN	16	11	Fair	NAIROBI	32	27	Fair
BOSTON	20	14	Fair	NASSAU	32	27	100 N.A.
BRAZILIA	17	13	Overcast	NEW DELHI	33	28	Fair
BUCHAREST	13	8	Overcast	NEW YORK	22	16	Fair
BUDAPEST	19	14	Cloudy	NICK	22	16	100
BURBANK	16	11	Overcast	OSLO	11	6	Overcast
CAIRO	24	19	Fair	PARIS	18	14	Overcast
CAPE TOWN	22	17	Fair	PEKING	27	21	Fair
CASABLANCA	24	19	Fair	PRAGUE	16	11	Fair
CHICAGO	16	11	Overcast	REYKJAVIK	4	-2	Overcast
COPENHAGEN	16	11	Overcast	RIO DE JANEIRO	31	26	Fair
COSTA MESA	31	26	Fair	ROME	24	19	Fair
DALLAS	15	10	Fair	SAO PAULO	17	12	Overcast
DENVER	14	9	Overcast	SEOUL	27	22	Fair
DUBLIN	14	9	Overcast	SHANGHAI	21	16	Fair
EDINBURGH	14	9	Overcast	SINGAPORE	29	24	Fair
FLORENCE	20	15	Overcast	STOCKHOLM	16	11	Fair
FRANKFURT	16	11	Overcast	SYDNEY	26	21	Fair
GENEVA	17	12	Overcast	TAIPEI	32	27	Fair
HANOVER	24	19	Fair	TEL AVIV	28	23	Fair
HONG KONG	33	27	Storm	TOKYO	31	26	Fair
HOUSTON	32	27	Fair	TUNIS	26	21	Fair
ISTANBUL	21	16	Overcast	VIENNA	15	10	Fair
JERUSALEM	21	16	Overcast	WARSAW	15	10	Fair
LAS PALMAS	25	20	Fair	ZURICH	16	11	Fair
LIMA	21	16	Overcast				
LONDON	12	7	Overcast				

Readings from the previous 24 hours.

## THE FRONT PAGE

The International Herald Tribune  
1887-1980



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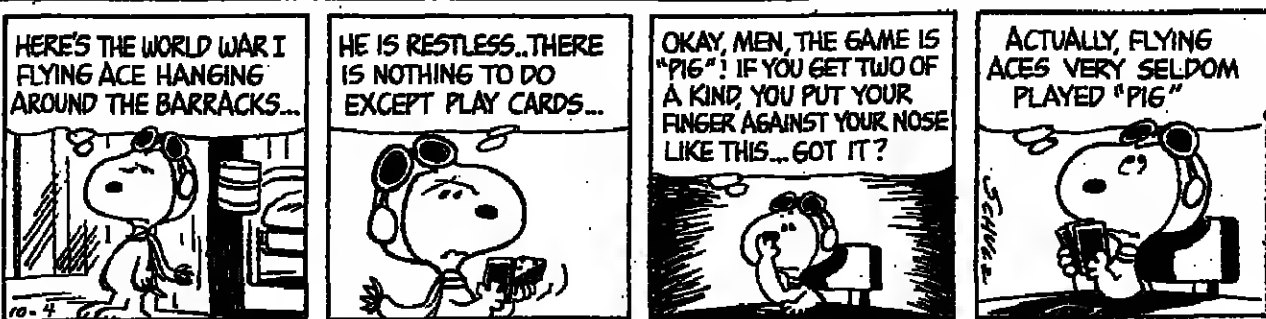
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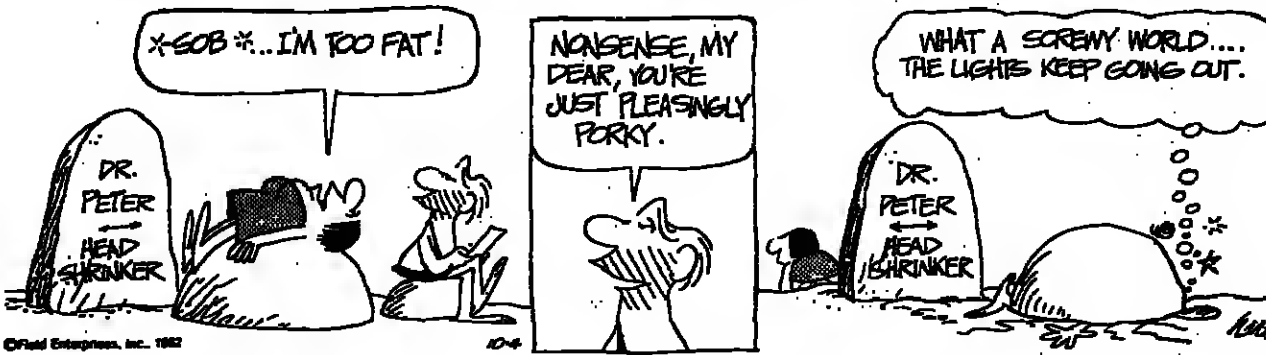
City and Code: \_\_\_\_\_

Country: \_\_\_\_\_

## PEANUTS



## B.C.



## B.L.O.N.D.I.E.



## B.E.E.T.L.E. B.A.I.L.E.Y.



## A.N.D.Y. C.A.P.P.



## W.I.Z.A.R.D. of ID



## R.E.X. M.O.R.G.A.N.



## D.O.N.E.S.B.U.R.Y.



## JUMBLE.

Unscramble these four Jumbles. One letter to each square, to form four ordinary words.

NIRPT

KISLY

YALDDE

ORSOUP

Now arrange the circled letters to form the words suggested by the above cartoon.

Print answer here: \_\_\_\_\_

(Answers tomorrow)

Saturday's Jumbles: LYRIC STUNG INFANT UNFAIR

Answer: What the orchard owner's life proved to be—VERY FRUITFUL

"Registered as a newspaper at the Post Office"

"Printed in Great Britain"

هكذا من الدجمل

## DENNIS THE MENACE



## BOOKS

JADE: A Novel of China  
By Pat Barr. 597 pp. \$14.95.

St. Martin's, 175 Fifth Ave., New York, N.Y. 10010.

Reviewed by Reid Beddow

ANOTHER historical novel about love among the ruins of the Celestial Empire. Someday Jonathan Spence or another sinologist will tell us what this literary escapism really means. Right now, it means "Jade: A Novel of China" by Pat Barr, a vast, many-storied pagoda of a book set in the second half of the 19th century, when the Middle Kingdom resembled a disturbed anthill and the gunboats of the Great Powers guaranteed the barbarians' privileges.

As with other recent novels about China ("Tai-Pan," "Noble House," "Dynasty" and "Spring Moon"), "Jade" is mainly about culture shock. When Alice Greenwood's missionary father is massacred in Tientsin in 1879, kidnapped to distant Hunan province, she becomes an abused house servant in the service of the patriarch of a wealthy clan. After a time, the patriarch—Most Honorable or Dragon Brightness as he is called in the characteristic way of these novels—makes Alice, now called Uncut Jade, his concubine. The tea-age barbarian is instructed in the love-making of the pillow books, which she rather enjoys.

When Dragon Brightness is away, other women in the household abuse Uncut Jade. She flees, loses her baby, and, after several harrowing adventures, arrives in the British colony of Hong Kong.

In her travels, Alice Uncut Jade has met Lin Fu-wei, a young revolutionary. They are attracted, a chemistry enhanced by the young Englishwoman's apparent command of Chinese in multiple dialects. However, Alice goes to live in Mukden with her long-lost mother, now remarried to another missionary, a sullen Bible-thumper. The stepfather makes sexual advances, and a shocked Alice flees to Port Arthur to live with an older brother, an official in the celebrated Imperial Chinese Customs Service, the international revenue agency administered by Sir Robert Hart.

Lin Fu-wei reappears, and the two young people fall head-over-heels in love. Unhappily, the older brother discovers them entwined in bed one

day and Uncut Jade has to pack up again, this time to Shanghai, the great commercial center of British trade.

We are at this point less than halfway through a very long novel. Ahead lie more torment as Alice Uncut Jade lives through the siege of Port Arthur (not the Russian defeat, but the Chinese one, in 1894) and the Boxer Rebellion. She eventually marries a wino English trader and is widowed, whereupon she sets up on her own in Peking as a trader in jade and objects d'art. She campaigns against the insidious practice of foot-binding and—

heavens!—translates into Chinese John Stuart Mill's treatise on the subjection of women. At the very end, Alice, now called Polished Jade to indicate the finishing of her education, sails for home, for England, where she has never been. There are hints she will return. Does she hope for a sequel? Still ahead is all the tumult of 20th-century China.

At its best, "Jade" carries the reader along effortlessly. One certainly gets a sense of the sweep and variety of the old China, built up through a mosaic of snapshots: compradors and Manchus, Sikh policemen in the British concessions, the Yangtze river trade, a typhoon, an opium den. The life of a woman what is evidently a lot of scholarly reading into her.

If one hasn't read the poetry translations of Arthur Waley or Witter Bynner elsewhere, there's no harm reading Tu Fu here: "The colours of autumn are fresh in the wind and rain... though the virgins have all gone their way to the yellow graves... in dark rooms ghost-green fires are shining."

"Clunks along Mechanically"

At its worst, "Jade" clunks along mechanically, the dialogue filling in clunks of the historical background. "Tush, that's putting it too strongly, Mary. But certainly now that Pax Britannica has descended over all and even Afghanistan seems quiet, there's precious little excitement in the military life. I might as well go trading trinkets like you, Charles."

But Barr infuses her Western characters with contemporary values in a way that rings false. Her missionaries are all bigots or hapless dreamers. Her Chinese characters are lifeless caricatures.

And what can this Scottish missionary's daughter's lust for Chinese men possibly mean? I could have skipped some of the pleas for sexual tolerance in order to learn what the Dowager Empress and her eunuchs were up to.

So, in the end, "Jade" disappoints despite its exotic background and adventurous plot. Of the many new China novels around, the best remains "Spring Moon" by Bette Bao Lord, which treats with cultural nuance and believable characters, and is filled with the idealism of a great people.

Reid Beddow is on the staff of The Washington Post.

## BRIDGE

By Alan Truscott

ON the diagrammed deal South had an opportunity to make a foxyp lay that had a chance of success simply because declarer was a novice.

At most tables East opened with one diamond, and one no-trump was a rather better choice for South than two clubs. The expert in the North seat had several options.

He could settle for a part-score by making a cautious pass or bidding two spades. He could try a Stayman two-club bid, but many partnerships would treat that bid as natural and an improvised partnership would not be likely to have discussed the point. Three spades would be an overbid, so the best move toward game would be two no-trump, concealing the spade suit.

In three no-trump everything hinged on the opening lead. If West led his partner's diamond suit South had nine tricks a lead of the club sequence would have the same result since South would take a diamond finesse.

If West led his only long suit—and if East thought little the defense could win. After winning three heart tricks he would have to cash the spade ace before taking the fourth heart.

More tricky was the situation if West led the spade seven. Obviously East could take the spade ace and shift to hearts effectively. But he

might not do so if South, trying hard to look as though he deserved his novice designation, played the spade ace from dummy.

Now East could play low and give South had nine tricks, or even 10 if he took a greedy diamond finesse.

So East would have to decide whether South's play of the spade ace rather than the eight was low-level carelessness or high-level cunning.

NORTH			
♠	Q1085		
♥	1063		
♦	K109		
♣	Q7		

WEST			
♠	753		
♥	A984		
♦	842		
♣	1098		

SOUTH			
♠	Q7		
♥	1063		
♦	K109		
♣	Q7		

North and South were vulnerable.

The bidding:

East South West North

1♠ 1NT Pass 2NT

Pass 3NT Pass Pass

West led the spade seven.

## RADIO NEWSCASTS

## BBC WORLD SERVICE

Hours of 0000, 0200, 0400, 0600, 0800, 1000, 1200, 1400, 1600, 1800, 2000, 2200 GMT	Western Europe	25	11750	11	25450	41	7140	19	10370
0200	1845	19	11840	11	25540	41	7150	19	10370
0400	1845	19	11840	11	25540	41	7150	19	10370
0600	1845	19	11840	11	25540	41	7150	19	10370
0800	1845	19	11840	11	25540	41	7150	19	10370
1000	1845	19	11840	11	25540	41	7150	19	10370
1200	1845	19	11840	11	25540	41	7150	19	10370
1400	1845	19	11840	11	25540	41	7150	19	10370
1600	1845	19	11840	11	25540	41	7150	19	10370
1800	1845	19	11840	11	25540	41	7150	19	10370
2000	1845	19	11840	11	25540	41	7150	19	10370
2200	1845	19	11840	11	25540	41	7150	19	10370

## VOICE OF AMERICA

Hours of 0000, 0200, 0400, 0600, 0800, 1000, 1200, 1400, 1600, 1800, 2000, 2200 GMT	Western Europe	19.2	15450	11	25450	41	7140	19	10370
0200	1845	19	11840	11	25540	41	7150	19	10370
0400	1845	19	11840	11	25540	41	7150	19	10370
0600	1845	19	11840	11	25540	41	7150	19	10370
0800	1845	19	11840	11	25540	41	7150	19	10370
1000	1845	19	11840	11	25540	41	7150	19	10370
1200	1845	19	11840	11	25540	41	7150	19	10370
1400	1845	19	11840	11	25540	41	7150	19	10370
1600	1845	19	11840	11	25540	41	7150	19	10370
1800	1845	19	11840	11	25540	41	7150	19	10370
2000	1845	19	11840	11	25540	41	7150	19	10370
2200	1845	19	11840	11	25540	41	7150	19	10370

## RADIO CANADA INTERNATIONAL

Hours of 0000, 0200, 0400, 0600, 0800, 1000, 1200, 1400, 1600, 1800, 2000, 2200 GMT	Western Europe	19.2	15450	11	25450	41	7140	19	10370
0200	1845	19	11840	11	25540	41	7150	19	10370
0400	1845	19	11840	11	25540	41	7150	19	10370
0600	1845	19	11840	11	25540	41	7150	19	10370
0800	1845	19	11840	11	25540	41	7150	19	10370
1000	1845	19	11840	11	25540	41	7150	19	10370
1200	1845	19	11840	11	25540	41	7150	19	10370







